GENERAL MOTORS
ANNUAL REPORT
1980

CONTENTS

COVER:
CHEVROLET CITATION
4-Door Hatchback Sedan

Major photography: Bill Ray

BUICK SKYLARK LIMITED Sedan

Highlights

(Dollars in Millions Except Per Share Amounts)

		1980	1979	1978
Sales of All Products	United States operations			
	Automotive products	$42,812.0	$51,093.5	$49,603.0
	Nonautomotive products	3,456.9	3,389.8	3,391.3
	Defense and space	655.6	531.5	504.5
	Total United States operations	46,924.5	55,014.8	53,498.8
	Canadian operations	8,094.7	8,044.7	6,775.7
	Overseas operations	12,111.1	12,394.4	10,975.0
	Elimination of interarea sales	(9,401.8)	(9,142.7)	(8,028.4)
	Total	$57,728.5	$66,311.2	$63,221.1
	Worldwide automotive products	$53,173.0	$62,006.6	$58,985.5
	Worldwide nonautomotive products	$ 4,555.5	$ 4,304.6	$ 4,235.6
Worldwide Factory Sales of Cars and Trucks (units in thousands)		7,101	8,993	9,482
Net Income (Loss)	Amount	($ 762.5)	$ 2,892.7	$ 3,508.0
	As a percent of sales	(1.3%)	4.4%	5.5%
	As a percent of stockholders' equity	(4.3%)	15.1%	20.0%
	Earnings (Loss) per share of common stock	($ 2.65)	$10.04	$12.24
	Dividends per share of common stock	$ 2.95	$ 5.30	$ 6.00
Taxes	United States, foreign and other income taxes (credit)	($ 385.3)	$ 2,183.4	$ 3,088.5
	Other taxes (principally payroll and property taxes)	2,248.8	2,324.6	2,247.9
	Total	$ 1,863.5	$ 4,508.0	$ 5,336.4
	Taxes per share of common stock	$ 6.37	$15.72	$18.69
Investment as of December 31	Working capital	$ 3,148.3	$ 6,688.2	$ 7,948.9
	Stockholders' equity	$17,814.6	$19,179.3	$17,569.9
	Book value per share of common stock	$58.82	$64.61	$60.01
Number of Stockholders as of December 31 (in thousands)		1,191	1,237	1,268
Worldwide Employment*	Average number of employes (in thousands)	746	853	839
	Total payrolls	$17,799.0	$18,851.0	$17,195.5
	Payrolls as a percent of sales	30.8%	28.4%	27.2%
	Total cost of an hour worked—U.S. hourly employes	$18.45	$15.25	$13.75
Property	Real estate, plants and equipment—Expenditures	$ 5,161.5	$ 3,371.8	$ 2,737.8
	—Depreciation	$ 1,458.1	$ 1,236.9	$ 1,180.6
	Special tools—Expenditures	$ 2,600.0	$ 2,015.0	$ 1,826.7
	—Amortization	$ 2,719.6	$ 1,950.4	$ 1,855.7
	Total expenditures	$ 7,761.5	$ 5,386.8	$ 4,564.5

*Includes financing and insurance subsidiaries.

S.E.C. Form 10-K

Common stockholders (including beneficial owners) may obtain a copy of the General Motors Corporation Annual Report to the Securities and Exchange Commission on Form 10-K after April 1, 1981. Requests should be addressed to: Manager, Stockholder Relations, General Motors Corporation, Room 11-229, 3044 West Grand Boulevard, Detroit, Michigan 48202 (313-556-2044).

The Annual Meeting of Stockholders

will be held on May 22, 1981 in Detroit, Michigan.

It is expected that proxy material will be sent to stockholders beginning about April 16, 1981, at which time proxies for use at this meeting will be requested.

Tape Recording of 1980 GM Annual Report

A cassette tape recording of major portions of the 1980 Annual Report is available at no charge for distribution to handicapped persons. Requests should be sent to: Manager, Stockholder Relations, General Motors Corporation, Room 11-229, 3044 West Grand Boulevard, Detroit, Michigan 48202.

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Letter to Stockholders

February 11, 1981

Against the backdrop of a national "new beginning," your new management team at General Motors looks to the promise of the future and the opportunity to build on the positive programs developed by our predecessors. The year 1980, one of the most difficult ever experienced by the American auto industry and by General Motors, is behind us.

There already has been some recovery from the low point reached last May when credit restraints depressed retail car and truck sales in the United States. Still, industry sales of 11.5 million units in 1980 were down more than 18% from 1979. For U.S.-based manufacturers as a group, the decline was closer to 25%—the lowest level in nearly two decades. Consequently, production in the United States was sharply curtailed, with hundreds of thousands of auto industry employes affected by the resulting layoffs. Major markets overseas also experienced a slowing in economic activity.

The times required drastic measures on the part of General Motors, and a strong cost-reduction program was initiated. Employment was cut; the Corporation's contribution to the employes' Savings-Stock Purchase Programs was reduced and the merit increase program was suspended for salaried employes; and there was no bonus for 1980 for any member of GM management. Even so, we were not able to reduce costs in line with declining volume, and were not able to fully recover increased economic costs of labor and materials through higher prices.

The result was that in 1980 GM sustained a loss for the first time since 1921. Despite a return to profitability in the fourth quarter, the loss for the year amounted to $762.5 million, or $2.65 per share of common stock.

At the same time, it was urgent that we press forward with the largest and most comprehensive product program in history and husband our financial resources carefully, including a lowering of the dividend. Therefore, our first priority must be to improve earnings and dividends.

Several major factors contributed to our reduced sales and earnings in 1980. High interest rates in the United States and Canada, together with the economic sluggishness which beset the U.S. industry throughout the year, had counterparts in other industrialized countries, particularly in Europe. The impact of inflation was—and remains—a worldwide problem. And the dramatic shift in customer demand toward smaller, more fuel-efficient vehicles continued, enabling Japanese manufacturers to increase their sales substantially.

There was a positive note for General Motors in this shift. During 1980, GM accounted for 46% of industry car sales in the United States, only slightly less than in 1979. The other major domestic companies lost sizable penetration to the foreign-sponsored entries.

Over the last decade, General Motors has gained an increased percentage of total U.S. sales, even though small-car sales increased from about one-third to more than one-half of the total market during the decade. GM's success in the market reflects a broadening of our product lines and the strengthening of our representation in all areas. We have built the vehicles people wanted, and we intend to continue to offer a range of fuel-efficient vehicles to cover the full spectrum of personal transportation demands.

We believe that competition in the marketplace best serves the customer and our country. If any other manufacturer, domestic or foreign, produces vehicles that meet marketplace demands better than ours, the appropriate response is to build the vehicles that will win back those customers. But to compete successfully in the international automobile market, there must be a liberal trade environment and we must be free from excessive and costly government regulations. Such is not the case at present.

The positive and appropriate response by the United States to the challenge to its economic leadership must be the creation of an industrial environment conducive to restoring and maintaining the health of the industrial base. When that is done, the nation's worldwide competitiveness will return.

In our public statements we have emphasized that the U.S. Government could improve the ability of the domestic auto industry to compete by encouraging greater capital formation for new plants and equipment and increased research and development, as well as by working to eliminate excessive and counterproductive regulations which severely handicap producers located in this country. We have conveyed our position to the new Administration and are anxious to see what response will be made in these areas. We are encouraged by President Reagan's remarks in his Inaugural Address regarding his dedication to the principles which made our country great—and by his pledge that there will be less unnecessary government involvement in our lives. We applaud the President's action lifting the remaining controls on domestic petroleum prices, relying instead on market mechanisms, and we welcome the tax and spending cuts contemplated in his economic program.

Meanwhile, GM continues its aggressive product program. Our announced intention to invest $40 billion worldwide during the five years from 1980 through 1984 on product redesign and plant construction and modernization reflects an acceleration of programs which have almost doubled the fuel economy of our North American car fleet since 1974 and will increase it to more than two and one-half times the 1974 level by 1985. For GM's 1981-model gasoline-powered cars sold in the United States, this improvement incorporates Computer Command Control, a new technology which we believe is

one of the most important advances in the history of the industry.

While this massive investment in products and facilities is absolutely necessary for General Motors to be fully competitive, it has imposed—and for a number of years will continue to impose—a major challenge to our financial resources. A positive aspect of the difficult period we are experiencing is that GM will emerge stronger than before. In fact, signs of this emergence already are evident.

For the world economy, growth in 1981 is cautiously projected to be slightly faster than last year, with motor vehicle sales about matching the level achieved in 1980. In the United States, where improvement is especially critical to our overall results, both the economy and motor vehicle sales are expected to improve in 1981, with the industry's annual rate of deliveries strengthening as the year proceeds. Thus, General Motors anticipates at least 13 million new vehicle deliveries in the United States this year, compared with 11.5 million in 1980.

The performance of the economy in the first half of 1981 is likely to be weaker than we originally had expected. Toward the end of 1980, the economy experienced an unprecedented surge in interest rates which slowed the recovery from the low point that occurred after credit controls were imposed last spring. Most consumers did not recognize that, while the prime rate rose substantially, retail vehicle financing rates were relatively stable and in most areas not much higher than in 1978, when vehicle sales records were set, or in 1979. GMAC, our financing subsidiary, has undertaken an extensive advertising program to inform the public.

Other factors important to vehicle sales also are more favorable than last spring. The trade-in value of used cars has improved significantly. While still cautious, consumers are more optimistic about the longer-term outlook.

Our U.S. sales forecast anticipates an easing in short-term interest rates and an improving economic performance, particularly in the second half of the year. This will represent a marked contrast with 1980, which included three quarters of modest growth and one quarter of precipitous decline. The expected growth falls short of prior postwar recovery patterns, however, and inflation will show only a gradual slowing.

The new Administration in Washington faces many difficult obstacles in its efforts to bring down the rate of inflation. But with the cooperation of Congress, it should be possible to ease tax burdens and achieve meaningful expenditure restraints. This combination would produce an effective program for reinvigorating the U.S. economy without accelerating inflationary expectations. A responsible fiscal policy to complement current monetary policy would, along with regulatory reforms, provide the necessary foundation for sustainable increases in both productivity and economic growth.

During 1981, General Motors will be introducing a variety of completely redesigned cars and trucks—including the exciting "J" cars. With these new products and favorable prospects for the economy, we are confident that GM will participate fully in a growing car and truck market this year and beyond—in North America and worldwide. At the same time, GM will continue to fulfill its social responsibility in such areas as equal employment opportunity, energy conservation, and environmental protection.

Roger B. Smith F. James McDonald

A new leadership team elected late in 1980 has taken over upon the retirement this year of Chairman Thomas A. Murphy and President Elliott M. Estes, both at age 65. While they leave in difficult times, they led General Motors to record heights in other years. But perhaps their foremost accomplishment was in laying the product foundation for the Corporation's future. Recognizing our obligation to them, we pledge to build upon this foundation so that General Motors may attain new heights of success.

The return to marginal profitability in the fourth quarter reflects increased consumer demand for General Motors products. We believe that we have turned the corner and, while recovery will not be rapid, we are confident that this recovery for General Motors will continue in 1981.

Prepared and submitted
by Order of the Board of Directors.

Roger B. Smith

Chairman

F. James McDonald

President

Worldwide unit sales of General Motors vehicles in 1980 were sharply affected by the pressures of adverse economic conditions and the continuing shift in the market toward smaller vehicles. These pressures were felt in varying degrees in the United States, Canada, and overseas.

Worldwide retail sales of 7.3 million GM vehicles in 1980 were down 17% from 1979. Of the estimated 35.0 million vehicles sold worldwide by all manufacturers* in 1980, General Motors accounted for 21%, compared with 23% in the preceding year.

In the United States, new car and truck sales for the industry (including foreign-sponsored vehicles) totaled 11.5 million units, down 18% from 1979. Foreign-sponsored vehicles accounted for 23% of 1980 deliveries, up from 18% the year before. Foreign-sponsored penetration of the new car market in 1980 amounted to 26%, compared with 21% in 1979.

GM Retail Sales in the U.S.

Despite reduced sales levels, GM maintained penetration in passenger cars to a greater extent than its principal domestic competitors, attaining 46% of all sales in the United States, only slightly less than in 1979.

General Motors dealers sold 4.1 million passenger cars in the United States during 1980, down 17% from the 4.9 million units sold in 1979.

Sales of new GM trucks accounted for 37% of U.S. sales in 1980, down from 40% in 1979. Unit sales of 940,000 GM trucks were off 33% from 1979.

The Chevrolet Chevette and Chevrolet Citation ended 1980 in a virtual tie as the best-selling cars in the U.S., either domestic or foreign. Of the six best-selling cars in 1980, five were produced by General Motors. The Chevette and Citation were joined by Chevrolet's Malibu and full-sized car as well as the Oldsmobile Cutlass Supreme.

*Estimated data exclude the Soviet Union, parts of Eastern Europe, and the People's Republic of China. Combined vehicle sales in these areas were estimated to be approximately 4 million units in 1980.

Pricing Actions in the U.S.

GM's pricing actions during 1980 were responsive to escalating cost pressures and current market conditions, while reflecting continuing compliance with former President Carter's Anti-Inflation Program. That program has had the effect of limiting GM's price increases to approximately 7% annually, while labor and material costs have been increasing at a rate in excess of 12% annually.

On January 5, 1981, pricing adjustments were implemented in the United States averaging $149, or 1.5%, across all of GM's car lines. Recognizing market realities and the necessity of getting sales of new cars moving at a faster rate, GM included in this pricing action a $100 reduction in the manufacturer's suggested retail price of the Chevette while holding unchanged the suggested retail prices of the front-wheel-drive "X" cars—Chevrolet Citation, Pontiac Phoenix, Oldsmobile Omega, and Buick Skylark. This action was directed at subcompact and compact vehicles, which account for more than 60% of all new-car sales in the United States on an industry-wide basis.

GM of Canada Increases Share

Sales for the year by General Motors of Canada Limited, expressed in U.S. dollars, totaled a record $8.1 billion, 1% above the previous record of $8.0 billion set in 1979. The 1980 figure included record sales volumes for GM of Canada's Diesel Division.

Following seven consecutive record years, 1980 retail deliveries of cars and trucks by GM dealers in Canada were down 8% from 1979, but still the second highest in history. This compared with an overall industry decline of 9%.

General Motors vehicles accounted for 47% of all new passenger cars and 45% of all new trucks sold in Canada in 1980, slightly above the 1979 penetration in each case. Foreign-sponsored imports accounted for 17% of industry deliveries, compared with 11% in 1979.

Overseas Sales Affected by Slowdown

Major overseas automotive markets were affected by a slowing in economic activity, high inflation rates, restrictive monetary policies, and increased fuel prices. In addition, there was a shift in buying patterns toward smaller vehicles. In 1980, industry vehicle sales outside the United States and Canada* declined to 22.2 million units, a 1% decrease from 1979.

Under these adverse conditions, overseas retail sales of General Motors vehicles amounted to 1.7 million units, including 1,353,000 cars and 349,000 trucks, in total a decline of 9% from the record levels of 1979. GM accounted for less than 8% of overseas industry sales, down slightly from 1979.

In Europe, sales were adversely affected by an acceleration of the trend toward smaller, lower-priced cars, which enabled Japanese manufacturers to increase their sales substantially. Total retail sales by General Motors subsidiaries amounted to 946,000 cars and trucks, a decline of 14% from 1979.

In the Federal Republic of Germany, rising levels of inflation and unemployment, an increasing balance of payments deficit caused mainly by higher petroleum imports, and higher interest rates resulted in a sharply lower rate of growth in the economy and a decline in car sales. Moreover, as a result of higher fuel prices,

CHEVROLET CAPRICE CLASSIC Wagon

CHEVROLET CHEVETTE 4-Door Hatchback Sedan


BOUNTIFUL ACRES

consumer preference turned strongly toward smaller cars. Reflecting this trend, Adam Opel's retail sales declined to 410,000 units, or 13% below 1979. While sales of the Opel Kadett were 32% above 1979, sales of the larger Ascona and Rekord models were off substantially.

Vehicle sales by Vauxhall Motors Limited in the United Kingdom amounted to 154,000 units, a decline of 7% from 1979. These results reflected the downturn in the economy and high interest rates as the government pursued restrictive monetary policies to combat inflation. Sales were adversely affected in the early part of the year by reduced product availability following a strike at Vauxhall's Ellesmere Port plant in the fall of 1979, as well as the nationwide steelworkers' strike during the first quarter of 1980.

Notwithstanding the short-term declines, GM's confidence in the long-term growth of automotive sales in Europe was affirmed with the announcement in February 1980 that GM will build a total of four new plants in Spain and Austria to manufacture automotive components in addition to the previously announced plant in Zaragoza, Spain which will produce and assemble small cars. GM will also build one new components plant and expand another in Northern Ireland. The new facilities are expected to be operational by mid-1981 or 1982. In August, GM announced that it will also establish facilities in Portugal to manufacture automotive components.

In Latin America, GM's second largest market area overseas, sales continued to expand in 1980. GM sales improved to 373,000 cars and trucks, a 5% increase over 1979. General Motors do Brasil S.A. posted record sales for the third consecutive year with deliveries of approximately 211,000 units, an 11% increase over 1979. Sales in Venezuela increased 30% to a record of 65,000 units, and General Motors Uruguaya S.A. again was the market leader with sales of 6,000 units, a 65% increase over 1979.

A prolonged strike at General Motors de Mexico, S.A. de C.V. adversely affected results, with sales declining to 38,000 units, 33% below record 1979 levels.

In the Pacific region, sales of 209,000 units were down 15% from 1979. The decline was due mainly to lower sales in Australia, reflecting a general slowdown in economic activity as the government's anti-inflationary policy took effect. Sales also were affected by growing consumer preference for smaller cars, a segment of the market where competition from Japanese producers was particularly strong.

In May, GM entered into an agreement which will lead to a joint venture with three local partners in Taiwan to produce heavy-duty trucks and buses and to manufacture diesel engines in that country.

In the Middle East and Africa, General Motors sold 172,000 vehicles, equivalent to 1979 sales. General Motors South African (Pty.) Limited sold 43,000 units, an increase of 50% over 1979. Gains followed the introduction in March of the front-wheel-drive Opel Kadett.

Overseas retail sales of North American-produced GM vehicles in 1980 amounted to 211,000 units, a 6% decrease from 1979.

Power Products Sales Top 1979

Despite a weak market for capital goods, worldwide sales by GM's Power Products Operations exceeded 1979 sales.

Although total industry sales were below last year, Detroit Diesel Allison Division (DDAD) continues to be North America's largest producer of heavy- and medium-duty diesel engines. Medium- and heavy-duty automatic transmission shipments at DDAD established a new unit sales record for the tenth consecutive year. During 1980, GM signed a contract with the U.S. National Aeronautics and Space Administration to conduct research and development for an advanced gas turbine engine for passenger car application. DDAD leads a team of five GM divisions working towards the development by 1985 of a gas turbine engine capable of achieving, in an "X" car, 42.5 miles per gallon on diesel fuel, with the ability to utilize other fuels.

Worldwide sales by Electro-Motive Division (EMD) established a new dollar sales record in 1980. Despite a general softening in the locomotive industry in the fourth quarter, this was the fourth consecutive year in which a new sales record was established. The demand for diesel engines for oil rigs, marine and industrial applications increased significantly over 1979. Responding to the railroads' demand for fuel-efficient, high-horsepower locomotives, EMD began production of its all-new 50 Series locomotive. In addition, EMD recorded the first deliveries for AMTRAK passenger service of its new all-electric locomotive capable of attaining speeds up to 125 miles per hour.

GM of Canada's Diesel Division experienced a 16% increase in dollar sales over 1979. Diesel Division manufactures locomotives, transit coaches, off-highway haulers, and military vehicles for the Canadian Armed Forces.

The sale of GM's TEREX operations to IBH Holding AG (IBH) of the Federal Republic of Germany was effected on December 31, 1980. The sale includes TEREX facilities in the United States, Brazil, and Scotland, with the exception of the Peterhead, Scotland plant. Peterhead will continue to manufacture components for DDAD. GM has also agreed to supply IBH with certain products manufactured by Diesel Division of GM of Canada and DDAD. In a separate transaction, GM acquired a 13.6% equity interest in IBH.

Fuel Economy and Emission Control

Even as the consumer's demand for fuel-efficient automobiles continues to exert strict discipline in the marketplace in the United States, GM continues to improve its ability to meet that demand. The estimated GM corporate fleet average fuel economy in the United States for the 1981 model year is approximately 23 miles per gallon (mpg). Compared to the base year 1974, this represents an improvement of 92% and is one mpg above the 1981 Federal requirements.

OLDSMOBILE DELTA 88 ROYALE Coupe

GM expects its fleet average fuel economy to exceed the Government-mandated fuel economy by an ever wider margin as it intensifies its programs to satisfy the demands of the marketplace. At a press conference on July 9, 1980, GM announced its intention to achieve an estimated fleet fuel economy of 31 mpg for the 1985-model fleet, nearly a 160% improvement over 1974 and well above the mandated 27.5 mpg average. Reaching such a high fleet average will require a second round of totally redesigned vehicles. In 1980, for example, about 70% of GM's total production averaged more than 20 mpg and just 1% exceeded 30 mpg. By 1985, GM expects 100% of its production will exceed 20 mpg and 50% will exceed 30 mpg.

The diesel engine continues as a very important element in GM's future plans, with its use expected to grow and represent about 15% of the fleet by 1985. However, use of the fuel-efficient diesel engine in future years is clouded by two factors: (1) whether the Environmental Protection Agency (EPA) grants waivers on the oxides of nitrogen (NOx) standard, as permitted by law; and (2) whether the existing schedule of exhaust particulate standards for diesel engines is modified to avoid jeopardizing use of these engines, even with the NOx waiver.

Emission standards in the United States for passenger cars were tighter for 1980 models than for 1979 and are much more stringent for 1981 models. The introduction of the new Computer Command Control (3C) emission system as standard equipment on GM gasoline-powered vehicles sold in the United States has substantially offset the fuel economy loss which otherwise would have resulted from meeting the more stringent emission standards.

The 3C technology results in the highest fuel economy and lowest emissions in the Corporation's history, and it also creates an engine that "thinks" for itself. This system provides improved driveability, performance, and reliability, as well as a self-diagnostic capability, affording buyers of 1981 General Motors cars an increased measure of customer satisfaction.

Emission and fuel economy standards for trucks up to 8,500 pounds gross vehicle weight have been established by the Government following the basic pattern used for passenger cars, although the actual figures and implementation dates may be different. The State of California has adopted even more stringent emission standards than the EPA for these trucks. The standards vary depending on gross vehicle weight.

General Motors continues to participate in an industry-government voluntary program to improve the fuel economy of heavy trucks (over 10,000 pounds). The U.S. Government has indicated that this program saved 4.6 billion gallons of fuel from 1975 through 1980.

Safety

The current lap and shoulder belts now available in U.S. passenger cars and trucks provide excellent protection, if worn. However, GM is required by current Federal safety standards to equip all full-size cars sold in the United States with front-seat passive restraints beginning in the 1982 model year. The requirement applies to intermediates and compacts for 1983, and to all cars for 1984. For the 1982 model year, GM plans to meet the passive restraint standard by installing automatic belts. As a result, only two-passenger front seat models will be available in full-size cars since automatic belts do not lend themselves to a three-passenger installation.

In addition, most foreign-sponsored imports are small cars, and thus the majority will not have to comply with the standard until the 1984 model year. This affords imports a two-year competitive advantage because the manufacturers of full-size cars are mostly in the United States.

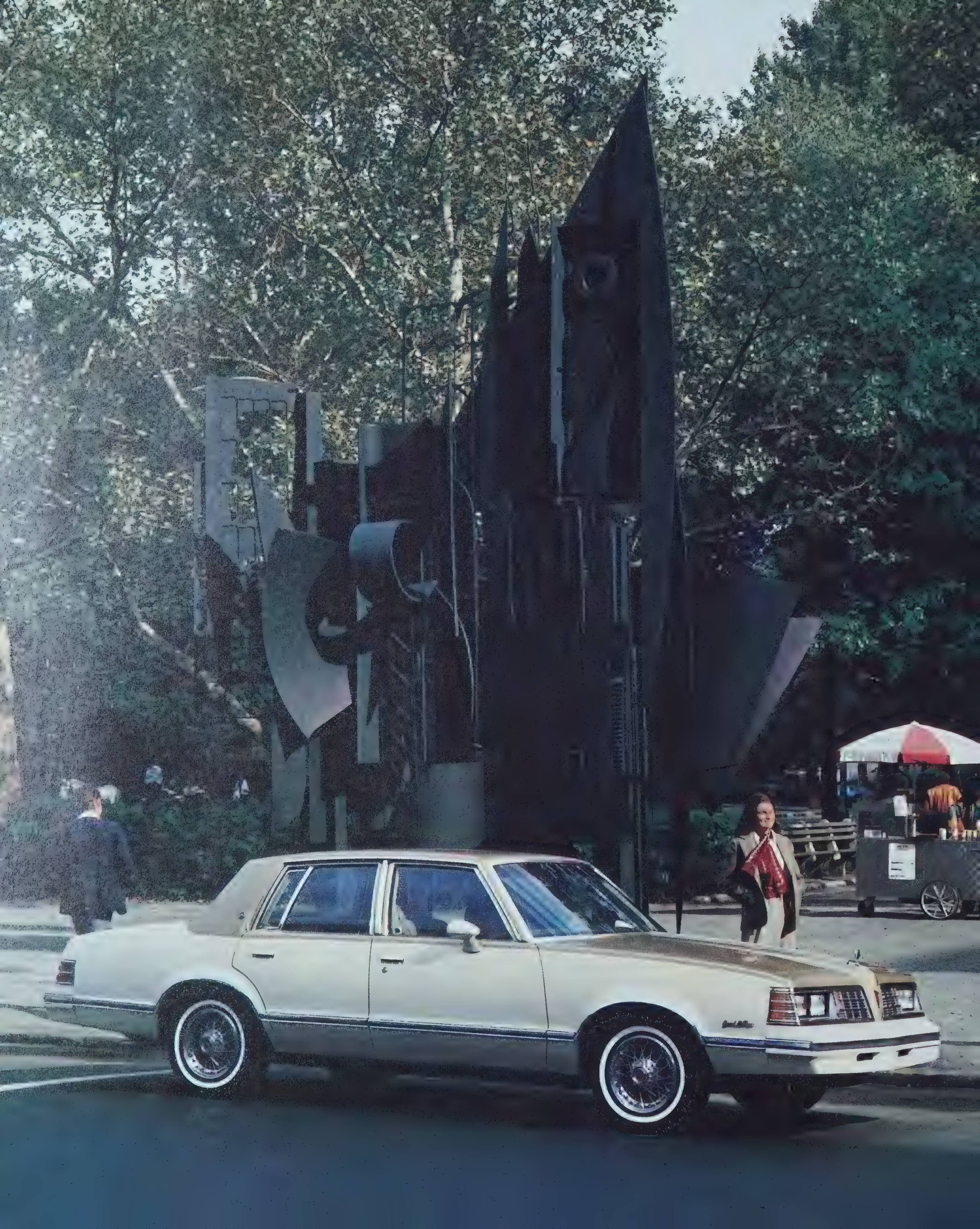
GM has recommended that the standard be eliminated. At a minimum, GM has urged that the standard be delayed for at least a year and that the order of application be reversed to small cars first to eliminate the advantage to imports.

Stockholder Forums:
A Continuing Success

Face-to-face communication with stockholders remained a prime consideration in 1980. Accordingly, a program of Regional Stockholders' Forums initiated in 1978 was continued for the third year with forums in ten U.S. cities and—for the first time—one in Canada. More than 7,000 stockholders and their guests attended the 1980 Forums held in Birmingham, Atlanta, Norfolk, Louisville, Washington, D.C., Omaha, Los Angeles, Portland, San Antonio, Memphis, and Toronto.

To date, GM management has exchanged views with stockholders at 35 regional forums in 32 cities. Total forum attendance of more than 22,000 in three years is more than the combined attendance at the last 16 GM Annual Meetings.

PONTIAC GRAND PRIX LJ



Employment and Payrolls

GM's worldwide employment and payrolls declined in 1980 from record 1979 levels, reflecting sharply reduced unit production. Average worldwide employment totaled approximately 746,000 men and women in 1980, with payrolls amounting to $17.8 billion. This included 14,800 employes of GM's financing and insurance subsidiaries, whose payroll amounted to $316.4 million. Average worldwide employment in 1979 was 853,000 and payrolls totaled $18.9 billion, including 14,300 financing and insurance subsidiary employes with a payroll of $272.0 million.

GM's average U.S. hourly-rate employment in 1980 was 376,000 men and women, with payrolls totaling $9.8 billion. This compared with 468,000 employes and payrolls of $11.0 billion in 1979. GM's hourly-rate labor costs in the U.S. in 1980, including benefits, averaged approximately $18.45 per hour worked, compared with approximately $15.25 per hour worked during 1979.

Benefit Plan Contributions

GM's contributions for pension plans, health-care coverages, and other employe benefit programs in the United States totaled a record $4.4 billion in 1980, compared with the previous record of $3.7 billion in 1979. Of this 1980 total, pension plan contributions amounted to $1.8 billion, and the cost of providing health-care coverages amounted to $1.5 billion. The cost of other benefit programs, such as life insurance, sickness and accident insurance, Supplemental Unemployment Benefits, and the Savings-Stock Purchase Program, totaled $1.1 billion in 1980.

Equal Employment Opportunity

GM remains committed to the concept of equal employment opportunity. Despite the downturn in market conditions which made necessary some reduction in U.S. employment, representation of minorities and women at year-end 1980 was virtually unchanged from 1979.

At the end of 1980, minorities represented 19% of GM's total U.S. work force, the same as that reported a year earlier. At year-end 1980, minorities accounted for 12% of white-collar employment and 21% of blue-collar employment, compared with 12% white-collar and 22% blue-collar at the end of 1979. Employment of women remained at 18% of GM's U.S. employment. Representation of women accounted for 23% of white-collar employment and 17% of blue-collar employment at the end of 1980, both unchanged from the end of 1979.

Changes Affecting Salaried Employes

Economic difficulties required that the Corporation—in order to decrease operating costs—take two temporary measures which affect salaried employes.

Effective July 1, 1980, the Savings-Stock Purchase Programs applicable to salaried employes in the United States and Canada were modified to reduce the rate of Corporation contributions to 30% of an employe's savings up to 10% of eligible salary. For the first six months of 1980, the Corporation's contribution was 100% of an employe's savings up to 5% of eligible salary, and 60% of the participant's savings between 5% and 10% of eligible salary. The modification is equivalent to a 5% reduction in the salary of most participating employes. It is intended that the former rate be resumed as soon as business conditions permit.

Effective July 25, 1980, merit programs for salaried employes worldwide were suspended. The merit increase program for salaried employes will be reestablished as soon as business conditions permit.

As shown on page 17, no bonus was awarded to any member of management for 1980. In comparison, the bonus provision for 1979 amounted to $133.8 million.

Executive Organization Changes

Thomas A. Murphy, Chairman of the Board of Directors and Chief Executive Officer, retired at age 65, effective January 1, 1981, under provisions of the General Motors Retirement Program. He continues as a member of the Board and the Finance Committee. Roger B. Smith, formerly Executive Vice President and a member of the Board since December 1974, was elected to succeed Mr. Murphy as Chairman. In addition, Mr. Smith became Chairman of the Finance Committee.

Elliott M. Estes, President and Chief Operating Officer, also retired at age 65, effective February 1, 1981. Mr. Estes was succeeded by F. James McDonald, formerly an Executive Vice President and a member of the Board since December 1974. As President, Mr. McDonald became Chairman of the Executive and Administration Committees.

Howard H. Kehrl, who also had been an Executive Vice President and a member of the Board since December 1974, was elected Vice Chairman, effective February 1, 1981. Mr. Kehrl has responsibility for three Groups—the Technical Staffs, Operating Staffs, and Public Affairs Staffs of the Corporation.

F. Alan Smith, who had been a Vice President of General Motors and President and General Manager of General Motors of Canada Limited, was elected a Director of General Motors and Executive Vice President in charge of Finance, effective January 5, 1981. He was also elected a member of the Finance and Executive Committees.

Board of Directors

Since our last Annual Report, GM has elected four new Board members: James H. Evans, Chairman of Union Pacific Corporation; John J. Horan, Chairman of Merck & Co., Inc.; Marvin L. Goldberger, President of the California Institute of Technology; and F. Alan Smith. Mr. Evans also was elected to the Audit Committee.

Two members of the Board did not stand for reelection in 1980 under the provisions of the Director Retirement Policy: Richard C. Gerstenberg, former GM Chairman, who had served the Corporation with distinction for over 48 years and had been a Director since 1967; and John A. Mayer, former Chairman, Mellon Bank, N.A., a valued member of the GM Board since 1968.

We were saddened by the death of Shearon Harris, Chairman of Carolina Power & Light Company, on August 28, 1980. Mr. Harris, who had served as a GM Director since 1977, did not stand for reelection in 1980 for reasons of health.

PONTIAC GRAND LEMANS Sedan

Financial Review: Management's Discussion and Analysis*

Inflation, concerns about energy price and availability, sluggish economies in the U.S. and major free-world countries, and the dramatic shift in customer demand toward smaller, more fuel-efficient cars contributed to General Motors' loss in 1980 of $762.5 million. It was the Corporation's first annual loss since 1921. These results represented a substantial decrease from net income earned in 1979 and 1978 of $2,892.7 million and $3,508.0 million, respectively. Recognizing the imperative to retain and improve its competitive position worldwide, GM continued the program of aggressive moves undertaken during this period to build new products, modernize plants and equipment, and provide for greater productive capacity to meet the continuing worldwide, long-term demand for personal transportation.

Results of Operations

Worldwide factory sales (sales of GM cars and trucks to its dealers) in 1980 totaled 7,101,000 units compared with 8,993,000 units in 1979 and 9,482,000 units in the record year of 1978. The large decline in 1980 resulted in worldwide dollar sales of $57.7 billion,13% below the record $66.3 billion achieved in 1979. Previous record sales were $63.2 billion in 1978.

These amounts include price adjustments of $5.0 billion in 1980, $5.7 billion in 1979 and $4.6 billion in 1978, which were offset by decreased unit volume in 1980 and 1979. However, these increases failed to fully recover inflationary increases in the costs of raw materials, wage rates, and other expenses. The result was a decline in the Corporation's net income as a percent of sales from 5.5% in 1978 and 4.4% in 1979 to a loss in 1980. The Corporation will continue to experience reduced profitability until the economy and automotive retail sales improve to more normal levels.

The table below shows the percentage contribution to GM's total worldwide dollar sales, before elimination of interarea sales, by U.S., Canadian, and overseas operations. Automotive products accounted for nearly all of GM's sales during the last three years. As the table indicates, the decline in sales in the United States has been greater than in Canada and overseas.

In analyzing the decline in earnings, payments to suppliers (for raw materials and expenses) and the cost of labor are the two largest cost elements to GM. In terms of percent of sales, these costs averaged 86% in 1978 and 1979 while rising to 94% in 1980. Intensive efforts to control supplier costs, particularly for raw materials and energy, have been instituted. The cost of labor reflects the new three-year U.S. labor agreement reached in September 1979. The agreement provides, among other things, for general wage increases of an additional 3% in 1981, continuation of the Cost of Living Allowance (COLA), and pension and fringe benefit program increases.

1980 Compared With 1979

The 1980 net loss of $762.5 million or $2.65 per share of common stock compared with net income of $2,892.7 million or $10.04 per share of common stock in 1979.

As shown in the table below, the major portion of this loss was attributable to overseas operations. As reported on page 7, power products (nonautomotive) operations sales in 1980 exceeded those of 1979 and, as shown below, the operations continued to be profitable.

The $12.69 per share decrease in earnings in 1980 is primarily attributable to lower unit volume and a less favorable product mix (amounting to about $9.00 per share) together with cost increases such as labor, materials, energy, and higher sales campaign expense, which were not fully recovered by price adjustments. Interest expense increased significantly above prior years' levels due to interest costs associated with expanded levels of short- and long-term borrowings at higher rates.

The decline in earnings was further affected by depreciation and tool amortization increases reflecting increased expenditures. These expenses will continue to increase in line with the Corporation's capital expenditure programs.

Although General Motors had a credit for U.S., foreign, and other income taxes in 1980, total taxes, including property and applicable payroll taxes, totaled $1,863.5 million in 1980 and $4,508.0 million in 1979. The 1980 income tax credit of $385.3 million reflects the operating loss in 1980 and is lower than would be expected

*The comments covering pricing (page 4), power products sales (page 7), people of GM (page 11), and the impact of inflation on financial data (pages 28-29) should also be read as an integral part of this discussion and analysis.

Worldwide Factory Sales (Units In Thousands)

	CARS			TRUCKS & COACHES			TOTAL		
	1980	1979	1978	1980	1979	1978	1980	1979	1978
United States	4,072	5,084	5,292	699	1,361	1,586	4,771	6,445	6,878
Canada	512	556	569	257	287	284	769	843	853
Overseas†	1,196	1,361	1,412	365	344	339	1,561	1,705	1,751
Total	5,780	7,001	7,273	1,321	1,992	2,209	7,101	8,993	9,482

†Includes units manufactured by Isuzu Motors Limited under contract for and marketed by General Motors.

Percentage of Net Income (Loss) Attributable to:

	1980	1979	1978
United States	(9%)	79%	87%
Canada	(3)	8	5
Overseas	(88)	13	8
Total	(100%)	100%	100%
Automotive	(127%)	90%	96%
Nonautomotive	27	10	4
Total	(100%)	100%	100%

Percentage of Worldwide Dollar Sales Attributable to:

	1980	1979	1978
United States	70%	73%	75%
Canada	12	11	10
Overseas	18	16	15
Total	100%	100%	100%
Automotive	92%	94%	93%
Nonautomotive	8	6	7
Total	100%	100%	100%

CHEVROLET C20 FLEETSIDE SILVERADO Pickup

GMC RTS Bus

GMC ASTRO 95

based on the U.S. statutory income tax rate, primarily due to losses incurred at overseas subsidiaries where no applicable tax refund credits were currently available.

In spite of the credit for income taxes in 1980, taxes still represent the third largest cost element experienced by the Corporation. The significance of GM's tax burden is illustrated by comparing it with the level of dividends paid to stockholders. For example, in 1980, GM's common stockholders received $2.95 per share on their investment. During the same period, governments at all levels were paid taxes equivalent to more than $6.37 per share.

The escalating burden of taxation, both foreign and domestic, imposed on business and industry by governments at all levels continues to be a major concern of General Motors. Excessive tax and regulatory burdens represent an unwarranted barrier to private initiative and its counterparts—strong economic growth, high employment, and a low inflation rate.

GM's financing and insurance operations, General Motors Acceptance Corporation (GMAC) and its subsidiaries, earned a record $231.0 million in 1980, versus $224.1 million in 1979. The increase is due principally to the higher level of average earnings receivables and increased financing rates, partially offset by substantially higher interest rates on worldwide borrowings.

1979 Compared With 1978

Net income in 1979 totaled $2,892.7 million and earnings on common stock were $10.04 per share, compared with the record levels of $3,508.0 million and $12.24 per share, respectively, established in 1978.

Net income estimated to be attributable to U.S. operations in 1979, as shown in the table on page 12, was 79% of the total, compared with 87% in 1978, reflecting the decreased volume in United States sales. Net income of Canadian and overseas operations increased to 8% and 13% of net income, respectively, reflecting higher sales in 1979 versus 1978. Automotive products accounted for 90% of total net income.

The $2.20 per share decrease in earnings in 1979 was more than accounted for by lower unit volume and a less favorable product mix (amounting to about $1.90 per share), together with cost increases (such as labor, materials, and energy) which, due to competitive market conditions, were not fully recovered by price adjustments. Earnings were also adversely affected by increased sales incentive program activity and operating inefficiencies experienced in the latter half of 1979 resulting from temporary plant shutdowns which were required to bring inventories more in line with consumer buying patterns.

The provision for income taxes in 1978 approximated the U.S. statutory income tax rate of 48% but declined in 1979 primarily due to the favorable impact of increased investment tax credits and the reduction in the statutory rate to 46%.

GM's financing and insurance operations reported consolidated net income for 1979 of $224.1 million, a 2% decrease from 1978 income of $229.6 million, the previous record. The decrease principally reflected substantially higher interest rates on worldwide borrowings, partially offset by increased financing rates and higher premiums.

Liquidity and Capital Resources

It has been the Corporation's experience that current operations have generated adequate funds to pay dividends to stockholders and to provide for spending programs. Indicative of its strong capital position is General Motors' liquidity measured by the quick ratio (ratio of cash, marketable securities, and receivables to current liabilities) and the current ratio (ratio of current assets to current liabilities). For 1980, 1979, and 1978, the quick ratio was .61, .81, and .96 while the current ratio was 1.26, 1.68, and 1.79.

However, in 1980 the decline in earnings coupled with increased capital expenditures made it necessary for General Motors and its consolidated subsidiaries to borrow $1.3 billion in long-term debt. These borrowings were made available for the worldwide operations of the Corporation for repayment of existing borrowings and working capital and capital investments, including debt or equity investments in subsidiaries or associated companies.

The source of funds from current operations (which excludes the non-cash charges to income for depreciation and amortization) over the past three years, as shown on page 19, has fluctuated due to the factors described under results of operations.

While current operations were the principal source of funds in 1978 and 1979, amounting to $6,479.7 million and $5,758.8 million, respectively, the loss in 1980 significantly reduced the funds available from this source, which amounted to $3,465.6 million.

This decrease in funds from current operations was partially offset by borrowings and also by a reduction in the dividends paid to stockholders from $6.00 per share in 1978 to $5.30 per share in 1979 and to $2.95 per share in 1980.

It is the Corporation's policy to distribute from current earnings such amounts as the outlook and the indicated capital needs of the business permit. In this regard, a strong capital position must be maintained in order to meet the greatly increased capital expenditures forecast for the years ahead.

Worldwide expenditures for real estate, plants and equipment were $5,161.5 million

HOLDEN COMMODORE SL/E Sedan

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in 1980, a 53% increase over the $3,371.8 million invested in 1979. The 1979 expenditures were 23% higher than the $2,737.8 million expended in 1978, which was a 46% increase over the prior year. These increased expenditures provided for capacity expansion, modernization, plant replacements, and new-model programs to meet the need for a more fuel-efficient vehicle fleet. Of the 1980 expenditures, approximately 64% were made in the United States (compared with 74% in 1979 and 86% in 1978), 8% in Canada (compared with 4% in 1979 and 3% in 1978) and 28% overseas (compared with 22% in 1979 and 11% in 1978).

Worldwide expenditures for special tools increased 29% in 1980 to $2,600.0 million, compared with a 10% increase in 1979 (to $2,015.0 million) and a 3% increase in 1978 (to $1,826.7 million).

Thus, General Motors' capital spending continues at record levels. Product programs necessary to meet government standards, respond to the demands of the marketplace, and improve General Motors' competitive position worldwide require continuing unprecedented and accelerating capital expenditures. In each of the last five years, General Motors has introduced substantially redesigned or new models in the United States and Canada. Significant product redesign programs have also been undertaken by overseas subsidiaries.

It is anticipated that total capital expenditures could exceed $8.0 billion in 1981, including commitments of $6.2 billion. General Motors' record rate of current capital spending and forward spending plans are currently estimated to total approximately $40 billion over the 1980-1984 period.

As previously indicated, the bulk of capital spending in 1980 occurred in the United States. Major facilities under construction, or announced, include new plants in Wentzville, Missouri; Kansas City, Kansas; Shreveport, Louisiana; Bowling Green, Kentucky; Orion Township, Michigan, and Detroit, Michigan. General Motors' capital spending for requirements outside the United States also increased in 1980. In conjunction with the continuing expansion of overseas operations, plans to build five new plants, to expand a sixth plant, and to establish a seventh operation—all in Europe—were announced during 1980. These are in addition to the previously announced major assembly plant near Zaragoza, Spain.

Working Capital

Insofar as working capital is concerned, the declines in 1980 from 1979 ($3,539.9 million) and in 1979 from 1978 ($1,260.7 million), shown on page 19, reflected the lower level of earnings in 1979 and the loss in 1980 coupled with the increased expenditures for real estate, plants and equipment and special tools, only partially offset by decreased dividends for those years and increased borrowings in 1980.

The decline in accounts and notes receivable of $1,262.0 million in 1980 was due to the decline in sales as well as the reduction in the receivable due from GMAC, which handles the majority of the wholesale financing of General Motors' products. This decrease was due to the decline in sales as well as the revision made in 1980 to the Wholesale Financing Program, effective with the 1981 model vehicle introduction. Under this revision, General Motors receives payment from GMAC for cars shipped to dealers about two to three weeks earlier than in the past.

These same factors resulted in the net increase in cash, marketable securities, and time deposits of $728.8 million in 1980 from 1979.

The decrease in cash, marketable securities, and time deposits of $1,068.4 million in 1979 from 1978 was due principally to the lower level of earnings coupled with an additional capital investment of $500 million in GMAC, General Motors' wholly-owned nonconsolidated subsidiary. The increase in cash, marketable securities and time deposits in 1978 of $814.8 million was due principally to the record level of earnings in that year. The increase in accounts and notes receivable in 1978 of $957.6 million and the decline of $608.3 million in 1979 reflect the high level of sales in 1978 and the declining level of sales at the end of 1979, respectively.

The changes in the other components of working capital—inventories, prepaid expenses, accounts and loans payable, and accrued liabilities—all reflect the effect of the record earnings and generally high level of sales throughout 1978 and the first half of 1979, and the decreasing sales and earnings since that time through 1980. The income taxes refundable for 1980, included in accounts and notes receivable, reflect the refund of U.S. taxes resulting from the carryback of the investment tax credits to 1977, the applicable year under tax laws in the United States.

Common Stockholders' Equity

The equity of the holders of General Motors common stock is represented by common stock, capital surplus, and net income retained for use in the business. Common stock and capital surplus increases in the last three years primarily reflect increased use of authorized but unissued shares for purposes of the Savings-Stock Purchase Programs and, more recently, for the Employe Stock Ownership Plans. No newly issued shares were used for purposes of the Stock Option Plans in 1980 and 1979, and only 3,042 shares were issued in 1978.

Common stockholders' equity decreased to $17,531.0 million at the end of 1980, primarily due to the 1980 loss, while it increased from $17,286.3 million at the end of 1978 to $18,895.7 million at the end of 1979. Book value per share of General Motors common stock declined in 1980 to $58.82 from $64.61 at the end of 1979 and $60.01 at the end of 1978. Net income (loss) as a percent of stockholders' equity was (4.3%) in 1980, compared with 15.1% in 1979 and 20.0% in 1978.

Responsibilities for Financial Statements

The following financial statements of General Motors Corporation and Consolidated Subsidiaries were prepared by the management which is responsible for their integrity and objectivity. The statements have been prepared in conformity with generally accepted accounting principles and, as such, include amounts based on judgments of management. Financial information elsewhere in this Annual Report is consistent with that in the financial statements.

Management is further responsible for maintaining a system of internal accounting controls, designed to provide reasonable assurance that the books and records reflect the transactions of the companies and that its established policies and procedures are carefully followed. From a stockholder's point of view, perhaps the most important feature in the system of control is that it is continually reviewed for its effectiveness and is augmented by written policies and guidelines, the careful selection and training of qualified personnel, and a strong program of internal audit.

Deloitte Haskins & Sells, independent certified public accountants, are engaged to examine the financial statements of General Motors Corporation and its subsidiaries and issue reports thereon. Their examination is conducted in accordance with generally accepted auditing standards which comprehend a review of internal accounting controls and a test of transactions. The Accountants' Report appears on page 26.

The Board of Directors, through the Audit Committee (composed entirely of non-employe Directors), is responsible for assuring that management fulfills its responsibilities in the preparation of the financial statements. The Committee selects the independent public accountants annually in advance of the Annual Meeting of Stockholders and submits the selection for ratification at the meeting. In addition, the Committee reviews the scope of the audits and the accounting principles to be applied in financial reporting. The independent public accountants, representatives of management, and the internal auditors meet regularly (separately and jointly) with the Committee to review the activities of each and to ensure that each is properly discharging its responsibilities. To ensure complete independence, Deloitte Haskins & Sells have full and free access to meet with the Committee, without management representatives present, to discuss the results of their examination, the adequacy of internal accounting controls, and the quality of the financial reporting.

Roger B. Smith
Chairman

F. Alan Smith
Chief Financial Officer

Statement of Consolidated Income

For The Years Ended December 31, 1980, 1979 and 1978
(Dollars in Millions Except Per Share Amounts)

	1980	1979	1978
Net Sales (Note 2)	$57,728.5	$66,311.2	$63,221.1
Costs and Expenses			
Cost of sales and other operating charges, exclusive of items listed below	52,099.8	55,848.7	51,275.7
Selling, general and administrative expenses	2,636.7	2,475.5	2,255.8
Depreciation of real estate, plants and equipment	1,458.1	1,236.9	1,180.6
Amortization of special tools	2,719.6	1,950.4	1,855.7
Provision for the Bonus Plan (Note 3)	—	133.8	168.4
Total Costs and Expenses	58,914.2	61,645.3	56,736.2
Operating Income (Loss)	(1,185.7)	4,665.9	6,484.9
Other income less income deductions—net (Note 4)	348.7	560.3	214.5
Interest and amortization of debt discount and expense	(531.9)	(368.4)	(355.9)
Income (Loss) before Income Taxes	(1,368.9)	4,857.8	6,343.5
United States, foreign and other income taxes (credit) (Note 6)	(385.3)	2,183.4	3,088.5
Income (Loss) after Income Taxes	(983.6)	2,674.4	3,255.0
Equity in earnings of nonconsolidated subsidiaries and associates (dividends received amounted to $116.8 in 1980, $112.8 in 1979 and $123.7 in 1978)	221.1	218.3	253.0
Net Income (Loss)	(762.5)	2,892.7	3,508.0
Dividends on preferred stocks	12.9	12.9	12.9
Earnings (Loss) on Common Stock	($ 775.4)	$ 2,879.8	$ 3,495.1
Average number of shares of common stock outstanding (in millions)	292.4	286.8	285.5
Earnings (Loss) Per Share of Common Stock (Note 7)	($2.65)	$10.04	$12.24

Reference should be made to notes on pages 20 through 26.

Consolidated Balance Sheet

December 31, 1980 and 1979
(Dollars in Millions)

ASSETS	1980	1979
Current Assets		
Cash	$ 157.2	$ 247.1
United States Government and other marketable securities and time deposits—at cost, which approximates market of $3,541.4 and $2,721.5	3,558.0	2,739.3
Accounts and notes receivable (including GMAC and its subsidiaries—$704.9 and $2,274.0)—less allowances	3,768.4	5,030.4
Inventories (less allowances) (Note 1)	7,231.2	8,076.3
Prepaid expenses	706.5	463.4
Total Current Assets	15,421.3	16,556.5
Equity in Net Assets of Nonconsolidated Subsidiaries and Associates (principally GMAC and its subsidiaries—Note 8)	2,899.8	2,820.2
Other Investments and Miscellaneous Assets—at cost (less allowances)	1,147.3	1,008.0
Common Stock Held for the Incentive Program (Note 3)	125.8	192.9
Property		
Real estate, plants and equipment—at cost (Note 9)	29,269.4	24,879.4
Less accumulated depreciation (Note 9)	15,220.0	14,298.2
Net real estate, plants and equipment	14,049.4	10,581.2
Special tools—at cost (less amortization)	937.4	1,057.0
Total Property	14,986.8	11,638.2
Total Assets	$34,581.0	$32,215.8

LIABILITIES AND STOCKHOLDERS' EQUITY	1980	1979
Current Liabilities		
Accounts payable (principally trade)	$ 3,967.7	$ 3,381.3
Loans payable (principally overseas)	1,676.5	924.1
Accrued liabilities (Note 10)	6,628.8	5,562.9
Total Current Liabilities	12,273.0	9,868.3
Long-Term Debt (Note 11)	1,886.0	880.0
Capitalized Leases	172.3	150.8
Other Liabilities	1,482.5	1,400.8
Deferred Credits (principally investment tax credits)	952.6	736.6
Stockholders' Equity (Notes 3 and 12)		
Preferred stock ($5.00 series, $183.6; $3.75 series, $100.0)	283.6	283.6
Common stock (issued, 298,053,782 and 292,472,499 shares)	496.7	487.4
Capital surplus (principally additional paid-in capital)	1,297.2	1,034.6
Net income retained for use in the business	15,737.1	17,373.7
Total Stockholders' Equity	17,814.6	19,179.3
Total Liabilities and Stockholders' Equity	$34,581.0	$32,215.8

Reference should be made to notes on pages 20 through 26.

Statement of Changes in Consolidated Financial Position

For The Years Ended December 31, 1980, 1979 and 1978
(Dollars in Millions)

	1980	1979	1978
Source of Funds			
Net income (loss)	($ 762.5)	$2,892.7	$3,508.0
Depreciation of real estate, plants and equipment	1,458.1	1,236.9	1,180.6
Amortization of special tools	2,719.6	1,950.4	1,855.7
Deferred income taxes, undistributed earnings of nonconsolidated subsidiaries and associates, etc.—net	50.4	(321.2)	(64.6)
Total current operations	3,465.6	5,758.8	6,479.7
Proceeds from issuance of long-term debt	1,305.1	41.3	111.9
Proceeds from disposals of property—net	261.1	166.9	125.5
Proceeds from sale of newly issued common stock	271.9	249.9	20.5
Other—net	95.2	125.4	273.8
Total	5,398.9	6,342.3	7,011.4
Application of Funds			
Dividends paid to stockholders (Note 12)	874.1	1,533.2	1,725.5
Expenditures for real estate, plants and equipment	5,161.5	3,371.8	2,737.8
Expenditures for special tools	2,600.0	2,015.0	1,826.7
Investments in nonconsolidated subsidiaries and associates	4.1	542.8	201.6
Retirements of long-term debt	299.1	140.2	201.2
Total	8,938.8	7,603.0	6,692.8
Increase (Decrease) in working capital	(3,539.9)	(1,260.7)	318.6
Working capital at beginning of the year	6,688.2	7,948.9	7,630.3
Working capital at end of the year	$3,148.3	$6,688.2	$7,948.9

Increase (Decrease) in Working Capital by Element			
Cash, marketable securities and time deposits	$ 728.8	($1,068.4)	$ 814.8
Accounts and notes receivable	(1,262.0)	(608.3)	957.6
Inventories	(845.1)	499.6	401.0
Prepaid expenses	243.1	(265.9)	(131.1)
Accounts payable	(586.4)	115.9	(571.4)
Loans payable	(752.4)	191.1	(321.9)
Accrued liabilities	(1,065.9)	(124.7)	(830.4)
Increase (Decrease) in working capital	($3,539.9)	($1,260.7)	$ 318.6

Reference should be made to notes on pages 20 through 26.

Note 1. Significant Accounting Policies

Principles of Consolidation

The consolidated financial statements include the accounts of the Corporation and all domestic and foreign subsidiaries which are more than 50% owned and engaged principally in manufacturing or wholesale marketing of General Motors products. General Motors' share of earnings or losses of nonconsolidated subsidiaries and of associates in which at least 20% of the voting securities is owned is generally included in consolidated income under the equity method of accounting.

Income Taxes

Investment tax credits are deducted in determining taxes estimated to be payable currently and are deferred and amortized over the lives of the related assets. The tax effects of timing differences between pretax accounting income and taxable income (principally related to depreciation, sales and product allowances, undistributed earnings of subsidiaries and associates, and benefit plans expense) are deferred. Provisions are made for estimated United States and foreign taxes, less available tax credits and deductions, which may be incurred on remittance of the Corporation's share of subsidiaries' undistributed earnings less those deemed to be permanently reinvested. Possible taxes, beyond those provided, would not be material.

Inventories

Inventories are stated generally at cost, which is not in excess of market. The cost of substantially all domestic inventories was determined by the last-in, first-out (LIFO) method, which was adopted in 1976. If the first-in, first-out (FIFO) method of inventory valuation had been used by the Corporation for U.S. inventories, it is estimated they would be $1,784.5 million higher at December 31, 1980, compared with $1,603.1 million higher at December 31, 1979. As a result of the decrease in sales in 1980, certain LIFO inventory quantities carried at lower costs prevailing in prior years as compared with the costs of 1980 purchases were liquidated, the effect of which was to reduce 1980 losses before income taxes by approximately $259.2 million. The cost of inventories outside the United States was determined generally by the FIFO or the average cost method.

Major Classes of Inventories

(Dollars in Millions)	1980	1979
Productive material, work in process and supplies	$4,682.8	$5,252.8
Finished product, service parts, etc.	2,548.4	2,823.5
Total	$7,231.2	$8,076.3

Depreciation and Amortization

Depreciation is provided on groups of property using, with minor exceptions, an accelerated method which accumulates depreciation of approximately two-thirds of the depreciable cost during the first half of the estimated lives of the property.

Expenditures for special tools are amortized, with the amortization applied directly to the asset account, over short periods of time because the utility value of the tools is radically affected by frequent changes in the design of the functional components and appearance of the product. Replacement of special tools for reasons other than changes in products is charged directly to cost of sales.

Pension Program

The Corporation and its subsidiaries have several pension plans covering substantially all of their employes, including certain employes in foreign countries. Benefits under the plans are generally related to an employe's length of service, wages and salaries, and, where applicable, contributions. The costs of these plans are determined on the basis of actuarial cost methods and include amortization of prior service cost over periods not exceeding 30 years. With the exception of certain overseas subsidiaries, pension costs accrued are funded.

Product Related Expenses

Expenditures for advertising and sales promotion and for other product related expenses are charged to costs and expenses as incurred; provisions for estimated costs related to product warranty are made at the time the products are sold.

Expenditures for research and development are charged to expenses as incurred and amounted to $2,224.5 million in 1980, $1,949.8 million in 1979 and $1,633.1 million in 1978.

Foreign Exchange

All exchange and translation activity is included in cost of sales and amounted to gains of $127.0 million in 1980, $83.7 million in 1979 and $62.7 million in 1978.

Accounting Change

In 1980, the Corporation implemented Statement No. 34 of the Financial Accounting Standards Board—Capitalization of Interest Cost. The effect of the adoption of this Statement was not material.

Note 2. Net Sales

(Dollars in Millions)	1980	1979	1978
Net sales includes sales to:			
Nonconsolidated subsidiaries and associates	$ 104.1	$ 145.8	$ 159.1
Dealerships operating under dealership assistance plans	$1,456.0	$1,853.5	$1,977.3

Unrealized intercompany profits on sales to nonconsolidated subsidiaries and to associates are deferred.

Note 3. Incentive Program

The Incentive Program consists of the General Motors Bonus Plan, first approved by stockholders in 1918, and the General Motors Stock Option Plans, adopted in 1957 and 1977. The By-Laws provide that the Plans shall be presented for action at a stockholders' meeting at least once in every five years. The Incentive Program was last approved by stockholders at the 1977 Annual Meeting.

The Corporation maintains a reserve for purposes of the Bonus Plan to which may be credited each year an amount which the independent public accountants of the Corporation determine to be 8% of the net earnings which exceed 7% but not 15% of net capital, plus 5% of the net earnings which exceed 15% of net capital, but not in excess of the amount paid out as dividends on the common stock during the year. However, for any year the Bonus and Salary Committee may direct that a lesser amount be credited. Bonus awards under the Bonus Plan and such other amounts arising out of the operation of the Incentive Program as the Committee may determine are charged to the reserve.

As a result of the net loss in 1980, no credit was made to the Reserve for the Bonus Plan. Accordingly, the Bonus and Salary Committee has determined that there will be no bonus awards related to the year 1980.

Under the provisions of the Incentive Program, participants receive their awards in instalments in as many as five years. If participants in the Bonus and Stock Option Plans fail to meet conditions precedent to receiving undelivered instalments of bonus awards (and contingent credits related to the Stock Option Plan prior to 1977), the amount of any such instalments is credited to income. Upon the exercise of stock options, any related contingent credits are proportionately reduced and the amount of the reduction is credited to income.

Changes during 1978, 1979 and 1980 in the status of options granted under the Stock Option Plans are shown in the following table. The option prices are 100% of the average of the highest and lowest sales prices of General Motors common stock on the dates the options were granted as reported (1) on the New York Stock Exchange for options granted prior to 1976, and (2) on the Composite Tape of transactions on all major exchanges and nonexchange markets in the U.S. for options granted in 1976 and subsequent years. The options outstanding at December 31, 1978, 1979 and 1980 expire ten years from date of grant. All options are subject to earlier termination under certain conditions.

The Corporation intends to deliver newly issued stock upon the exercise of any of the outstanding options. The maximum number of shares for which additional options might be granted under the Plan was 2,211,335 at January 1, 1978, 1,904,325 at December 31, 1978, 1,582,170 at December 31, 1979 and 1,230,055 at December 31, 1980.

Year Granted	1973	1974	1976	1977	1978	1979	1980
Option Price	$ 73.38	$ 50.00	$ 65.19	$ 66.57	$ 63.75	$ 59.50	$ 53.25
Outstanding at Jan. 1, 1978	175,614	215,398	139,308	288,665	—		
Granted	—	—	—	—	316,060		
Exercised	—	(3,042)	—	—	—		
Terminated	(41,508)	(15,570)	(9,522)	(8,745)	(305)		
Outstanding at Dec. 31, 1978	134,106	196,786	129,786	279,920	315,755	—	
Granted	—	—	—	—	—	351,940	
Terminated	(24,288)	(35,214)	(11,982)	(19,125)	(10,185)	(475)	
Outstanding at Dec. 31, 1979	109,818	161,572	117,804	260,795	305,570	351,465	—
Granted	—	—	—	—	—	—	425,590
Terminated	(16,764)	(18,998)	(10,764)	(23,790)	(26,190)	(20,085)	(3,410)
Outstanding at Dec. 31, 1980	93,054	142,574	107,040	237,005	279,380	331,380	422,180

Common stock held for the Incentive Program is exclusively for payment of liabilities under the Incentive Program and is stated substantially at cost.

	1980		1979	
(Dollars in Millions)	Shares	Amount	Shares	Amount
Balance at Jan. 1	3,108,316	$192.9	2,787,740	$181.1
Acquired during the year	9,097	.5	1,192,566	68.8
Sold to trustee of S-SPP	(11,216)	(.6)	—	—
Delivered to participants	(1,068,219)	(67.0)	(871,990)	(57.0)
Balance at Dec. 31	2,037,978	$125.8	3,108,316	$192.9

Note 4. Other Income Less Income Deductions

(Dollars in Millions)	1980	1979	1978
Other income:			
Interest	$392.1	$507.0	$358.6
Other	81.7	72.2	66.1
Income deductions	(125.1)	(18.9)	(210.2)
Net	$348.7	$560.3	$214.5

Note 5. Pension Program

Total pension expense of the Corporation and its consolidated subsidiaries amounted to $1,922.1 million in 1980, $1,571.5 million in 1979 and $1,326.7 million in 1978. The increase in pension expense for 1980 and 1979 primarily reflects the impact of amendments to the U.S. and Canadian plans, as approved by the stockholders in 1980. For purposes of determining pension expense, the Corporation uses a variety of assumed rates of return on pension funds in accordance with local practice and regulations, which rates approximate 6%. The following table compares accumulated plan benefits and plan net assets for the Corporation's defined benefit plans in the United States and Canada as of October 1 (generally, the plans' anniversary date) of both 1980 and 1979:

(Dollars in Millions)	1980	1979
Actuarial present value of accumulated plan benefits:		
Vested	$17,438.5	$18,156.5
Nonvested	2,234.1	2,521.0
Total	$19,672.6	$20,677.5
Market value of assets available for benefits:		
Held by trustees	$10,584.6	$ 9,066.0
Held by insurance companies	2,769.2	2,501.7
Total	$13,353.8	$11,567.7

The assumed rates of return used in determining the actuarial present value of accumulated plan benefits (shown in the table above) were based upon those published by the Pension Benefit Guaranty Corporation, a public corporation established under the Employee Retirement Income Security Act (ERISA). Such rates averaged approximately 8¼% for 1980 and 7% for 1979.

The Corporation's foreign pension plans are not required to report to certain governmental agencies pursuant to ERISA, and do not otherwise determine the actuarial value of accumulated benefits or net assets available for benefits as calculated and shown above. For those plans, the total of the plans' pension funds and balance sheet accruals, less pension prepayments and deferred charges, exceeded the actuarially computed value of vested benefits by approximately $215 million at both December 31, 1980 and December 31, 1979.

Note 6. United States, Foreign and Other Income Taxes (Credit)

(Dollars in Millions)	1980	1979	1978
Taxes estimated to be payable (refundable) currently (1):			
United States Federal	($ 307.7)	$1,578.7	$2,259.3
Foreign	56.2	412.9	511.0
State and local	(36.9)	127.9	300.5
Total	(288.4)	2,119.5	3,070.8
Taxes deferred—net:			
United States Federal	(342.2)	51.5	(159.3)
Foreign	131.9	(126.4)	41.3
State and local	(39.0)	7.0	(16.0)
Total	(249.3)	(67.9)	(134.0)
Investment tax credits deferred—net:			
United States Federal	126.0	116.5	149.7
Foreign	26.4	15.3	2.0
Total	152.4	131.8	151.7
Total taxes (credit)	($ 385.3)	$2,183.4	$3,088.5

(1) Investment tax credits deducted (added) in determining taxes estimated to be payable (refundable) currently amounted to ($350.9) million in 1980, $290.7 million in 1979 and $293.7 million in 1978.

None of the taxes deferred for each of the various types of timing differences exceeded 5% of pretax accounting income multiplied by the United States statutory rate (credit), except for ($232.1) million related to sales and product allowances in 1980, and ($157.8) million and $167.3 million related to depreciation and benefit plans expense, respectively, in 1978.

Income (loss) before income taxes included the following components:

(Dollars in Millions)	1980	1979	1978
Domestic income (loss)	($ 928.6)	$4,032.3	$5,293.4
Foreign income (loss)	(440.3)	825.5	1,050.1
Total	($1,368.9)	$4,857.8	$6,343.5

The consolidated effective tax rate (credit) was different than the United States statutory rate (credit) for the reasons set forth in the table below:

	1980	1979	1978
Statutory income tax rate (credit)	(46.0%)	46.0%	48.0%
Investment tax credits—net	(12.0)	(3.4)	(1.7)
Foreign tax rate differential	29.0	1.5	(0.5)
State and local income taxes	(3.0)	1.5	2.3
Other adjustments	3.9	(0.7)	0.6
Effective income tax rate (credit)	(28.1%)	44.9%	48.7%

Note 7. Earnings (Loss) Per Share of Common Stock

Earnings (loss) per share of common stock are based on the average number of shares outstanding during each year. The effect on earnings (loss) per share resulting from the assumed exercise of outstanding options and delivery of bonus awards and contingent credits under the Incentive Program is not material for 1978 and 1979 earnings and is not applicable for the 1980 loss because it is antidilutive.

Note 8. General Motors Acceptance Corporation and Subsidiaries Condensed Consolidated Balance Sheet (Dollars in Millions)

	1980	1979
Cash	$ 473.0	$ 396.4
Investments in Securities (market value, 1980—$1,007.2; 1979—$941.9)	1,003.0	930.8
Finance Receivables (including instalments maturing after one year: 1980—$14,305.7; 1979—$13,017.3; less unearned income: 1980—$3,273.9; 1979—$2,665.6; and allowance for financing losses: 1980—$351.2; 1979—$281.4)	31,234.1	31,007.9
Insurance Receivables, Unamortized Debt Expense, and Other Assets	336.8	255.8
Total Assets	$33,046.9	$32,590.9
Notes, Loans and Debentures Payable Within One Year (less unamortized discount)	$16,814.0	$16,913.5
Accounts Payable and Other Liabilities:		
General Motors Corporation and affiliated companies	704.9	2,274.0
Other	1,566.2	1,393.2
Notes, Loans and Debentures Payable After One Year (less unamortized discount)	9,185.8	7,433.3
Subordinated Indebtedness Payable After One Year (less unamortized discount)	2,024.1	1,949.0
Total Liabilities	30,295.0	29,963.0
Stockholder's Equity:		
Preferred stock, $100 par value, redeemable at GMAC option (6% cumulative, $75.0; 7¼% cumulative, $35.0)	110.0	110.0
Common stock, $100 par value (outstanding, 1980 and 1979—14,650,000 shares)	1,465.0[1]	1,465.0
Net income retained for use in the business (net income: 1980—$231.0; 1979—$224.1; 1978—$229.6; cash dividends: 1980—$107.0; 1979—$102.0; 1978—$112.0)	1,176.9	1,052.9
Total Stockholder's Equity	2,751.9	2,627.9
Total Liabilities and Stockholder's Equity	$33,046.9	$32,590.9

[1]In February 1981, General Motors Corporation purchased an additional 3,000,000 shares of common stock for $300 million.

Note 9. Real Estate, Plants and Equipment and Accumulated Depreciation (Dollars in Millions)

	1980	1979
Real estate, plants and equipment:		
Land	$ 332.1	$ 303.6
Land improvements	886.5	808.3
Leasehold improvements—less amortization	33.2	25.4
Buildings	6,209.4	5,375.8
Machinery and equipment	17,910.4	16,129.9
Furniture and office equipment	302.0	235.6
Capitalized leases	316.6	281.8
Construction in progress	3,279.2	1,719.0
Total	$29,269.4	$24,879.4
Accumulated depreciation:		
Land improvements	$ 490.1	$ 463.8
Buildings	3,177.2	3,048.9
Machinery and equipment	11,186.8	10,460.4
Furniture and office equipment	139.5	114.7
Capitalized leases	177.1	161.1
Extraordinary obsolescence	49.3	49.3
Total	$15,220.0	$14,298.2

Note 10. Accrued Liabilities (Dollars in Millions)

	1980	1979
Taxes, other than income taxes	$ 723.9	$ 726.4
Payrolls	1,667.3	1,578.8
Dealer and customer allowances, claims, discounts, etc.	2,600.0	1,849.8
Other	1,637.6	1,407.9
Total	$6,628.8	$5,562.9

Note 11. Long-Term Debt (Excluding Current Portion) (Dollars in Millions)

			1980	1979
GM—U.S. dollars:				
10% Notes		1984-86	$ 200.0	$ —
8.05% Notes		1985	300.0	300.0
12.2% Notes		1986-88	200.0	—
8⅝% Debentures		2005	300.0	300.0
Other 4.8%		1982-2000	72.3	75.0
Consolidated subsidiaries:				
United States dollars	16.4%	1982-89	318.0	128.5
Spanish pesetas	16.1%	1982-88	38.5	—
Australian dollars	12.7%	1982-89	69.9	24.9
Canadian dollars	18.3%	1985	284.4	—
British pounds	7.0%	1987-92	35.8	33.2
Other currencies	Various	1982-2004	74.3	23.8
Total			1,893.2	885.4
Less unamortized discount			7.2	5.4
Total			$1,886.0	$880.0

Long-term debt (including current portion) bore interest at a weighted average rate of approximately 13.5% at December 31, 1980 and 9.1% at December 31, 1979.

Under the sinking fund provisions of the trust indenture for the Corporation's $300.0 million 8⅝% Debentures due 2005, the Corporation will provide an annual sinking fund of $11.8 million in each of the years 1986 to 2004, inclusive.

Maturities of long-term debt at December 31, 1980 for each of the five years through 1985 are (in millions): 1981—$137.0 (included in loans payable); 1982—$174.5; 1983—$79.4; 1984—$108.6; and 1985—$681.2. Loans payable at December 31, 1979 included the current portion of long-term debt of $41.2 million.

Note 12. Stockholders' Equity (Dollars in Millions Except Per Share Amounts)

	1980	1979	1978
Capital Stock:			
Preferred Stock, without par value, cumulative dividends (authorized, 6,000,000 shares), no change during the year:			
$5.00 series, stated value $100 per share, redeemable at Corporation option at $120 per share (issued, 1,875,366 shares; in treasury, 39,722 shares; outstanding, 1,835,644 shares)	$ 183.6	$ 183.6	$ 183.6
$3.75 series, stated value $100 per share, redeemable at Corporation option at $100 per share (issued and outstanding, 1,000,000 shares)	100.0	100.0	100.0
Common Stock, $1⅔ par value (authorized, 500,000,000 shares):			
Issued at beginning of the year (292,472,499 shares in 1980, 288,069,840 in 1979 and 287,704,811 in 1978)	487.4	480.1	479.5
Newly issued stock sold under provisions of the Stock Option Plans, Employe Stock Ownership Plans and Savings-Stock Purchase Programs (5,581,283 shares in 1980, 4,402,659 in 1979 and 365,029 in 1978)	9.3	7.3	.6
Issued at end of the year (298,053,782 shares in 1980, 292,472,499 in 1979 and 288,069,840 in 1978)	496.7	487.4	480.1
Total capital stock at end of the year	780.3	771.0	763.7
Capital Surplus (principally additional paid-in capital):			
Balance at beginning of the year	1,034.6	792.0	772.1
Proceeds in excess of par value of newly issued common stock sold under provisions of the Stock Option Plans, Employe Stock Ownership Plans and Savings-Stock Purchase Programs	262.6	242.6	19.9
Balance at end of the year	1,297.2	1,034.6	792.0
Net Income Retained for Use in the Business:			
Balance at beginning of the year	17,373.7	16,014.2	14,231.7
Net income (loss)	(762.5)	2,892.7	3,508.0
Total	16,611.2	18,906.9	17,739.7
Cash dividends:			
Preferred stock, $5.00 series, $5.00 per share	9.2	9.2	9.2
Preferred stock, $3.75 series, $3.75 per share	3.7	3.7	3.7
Common stock, $2.95 per share in 1980, $5.30 in 1979 and $6.00 in 1978	861.2	1,520.3	1,712.6
Total cash dividends	874.1	1,533.2	1,725.5
Balance at end of the year	15,737.1	17,373.7	16,014.2
Total Stockholders' Equity	$17,814.6	$19,179.3	$17,569.9

The preferred stock is subject to redemption at the option of the Board of Directors on any dividend date on not less than thirty days' notice at the redemption prices stated above plus accrued dividends.

The Certificate of Incorporation provides that 30,000,000 shares of authorized but unissued common stock may be issued or sold for cash to or for the account of employes of the Corporation or of any substantially wholly-owned subsidiary, or of any company in which the Corporation has a substantial ownership interest, without first having been offered to common stockholders for subscription; the shares so issued and sold for cash totaled 19,370,282 through December 31, 1980, 13,788,999 through December 31, 1979 and 9,386,340 through December 31, 1978.

Further, the Certificate provides that no cash dividends may be paid on the common stock so long as current assets in excess of current liabilities of the Corporation are less than $75 per share of outstanding preferred stock. Such current assets in excess of current liabilities were significantly greater than $75 in respect of each share of outstanding preferred stock at December 31, 1980.

The overall policy with respect to the payment of dividends by consolidated subsidiaries is predicated on the laws of the respective countries in which the subsidiaries are located. Generally, dividend payments are based on accumulated earnings. In the opinion of the management, there are no restrictions on the payment of dividends by consolidated subsidiaries which would have a significant effect on the operations of the Corporation and its consolidated subsidiaries.

The equity of the Corporation and its consolidated subsidiaries in the net undistributed earnings, since acquisition, of nonconsolidated subsidiaries and associates has been included in net income retained for use in the business and amounted to $1,155.6 million at December 31, 1980.

GMAC agreements with respect to outstanding subordinated indebtedness include, among other things, provisions which have the effect of limiting its payment of dividends to the Corporation. Under the most restrictive of these provisions, approximately $672.9 million of its net income retained for use in the business at December 31, 1980 was available for the payment of dividends.

Note 13. Segment Reporting

General Motors is a highly vertically-integrated business operating primarily in a single industry consisting of the manufacture, assembly and sale of automobiles, trucks and related parts and accessories classified as automotive products. Because of the high degree of integration, substantial interdivisional and intercompany transfers of materials and services are made. Consequently, any determination of income by areas of operations or class of products is necessarily arbitrary because of the allocation and reallocation of costs, including corporate costs, benefiting more than one division or product.

Substantially all of General Motors' products are marketed through retail dealers and through distributors and jobbers in the United States and Canada and through distributors and dealers overseas.

To assist in the merchandising of General Motors' products, General Motors Acceptance Corporation and its subsidiaries offer financial services and certain types of automobile insurance to dealers and customers.

Net sales, net income (loss), total and net assets and average number of employes in the U.S. and in locations outside the U.S. for 1980, 1979 and 1978 are summarized below. Net income (loss) is after provisions for deferred income taxes applicable to that portion of the undistributed earnings deemed to be not permanently invested, less available tax credits and deductions, and appropriate consolidating adjustments for the geographic areas set forth below. Interarea sales are made at negotiated selling prices.

1980	United States	Canada	Europe	Latin America	All Other	Total[1]
			(Dollars in Millions)			
Net Sales:						
Outside	$41,637.4	$4,218.0	$7,437.6	$2,448.4	$1,987.1	$57,728.5
Interarea	5,287.1	3,876.7	317.5	72.3	64.3	—
Total net sales	$46,924.5	$8,094.7	$7,755.1	$2,520.7	$2,051.4	$57,728.5
Net Income (Loss)	($ 71.9)	($ 20.3)	($ 559.3)	$ 42.9	($ 150.8)	($ 762.5)
Total Assets	$25,494.2	$1,891.0	$4,319.3	$1,953.2	$1,029.9	$34,581.0
Net Assets	$15,753.6	$ 791.9	$ 670.6	$ 528.8	$ 152.0	$17,814.6
Average Number of Employes (in thousands)	517	37	125	37	30	746

1979	United States	Canada	Europe	Latin America	All Other	Total[1]
			(Dollars in Millions)			
Net Sales:						
Outside	$49,559.9	$4,611.8	$8,338.2	$2,023.8	$1,777.5	$66,311.2
Interarea	5,454.9	3,432.9	276.9	109.0	34.4	—
Total net sales	$55,014.8	$8,044.7	$8,615.1	$2,132.8	$1,811.9	$66,311.2
Net Income	$ 2,320.5	$ 224.1	$ 338.2	$ 14.5	$ 13.9	$ 2,892.7
Total Assets	$24,052.7	$1,884.2	$4,173.3	$1,237.9	$1,073.7	$32,215.8
Net Assets	$16,472.4	$ 754.9	$1,245.9	$ 366.8	$ 417.4	$19,179.3
Average Number of Employes (in thousands)	618	39	131	33	32	853

1978	United States	Canada	Europe	Latin America	All Other	Total[1]
			(Dollars in Millions)			
Net Sales:						
Outside	$49,048.8	$3,362.9	$7,421.0	$1,784.5	$1,603.9	$63,221.1
Interarea	4,450.0	3,412.8	245.7	94.0	4.8	—
Total net sales	$53,498.8	$6,775.7	$7,666.7	$1,878.5	$1,608.7	$63,221.1
Net Income (Loss)	$ 3,073.2	$ 157.5	$ 376.2	($ 96.2)	$ 15.6	$ 3,508.0
Total Assets	$24,260.5	$1,343.7	$3,854.4	$1,142.3	$ 876.1	$30,598.3
Net Assets	$15,921.6	$ 601.2	$1,219.7	$ 217.2	$ 246.7	$17,569.9
Average Number of Employes (in thousands)	611	38	126	34	30	839

[1] After elimination of interarea transactions.

Note 14. Contingent Liabilities

There are various claims and pending actions against the Corporation and its subsidiaries with respect to commercial matters, including warranties and product liability, governmental regulations including environmental and safety matters, civil rights, patent matters, taxes and other matters arising out of the conduct of the business. Certain of these actions purport to be class actions, seeking damages in very large amounts. The amounts of liability on these claims and actions at December 31, 1980 were not determinable but, in the opinion of the management, the ultimate liability resulting will not materially affect the consolidated financial position or results of operations of the Corporation and its consolidated subsidiaries.

Accountants' Report

Deloitte
Haskins+Sells
Certified Public Accountants

1114 Avenue of the Americas
New York 10036

General Motors Corporation, its Directors and Stockholders:

February 11, 1981

We have examined the Consolidated Balance Sheet of General Motors Corporation and consolidated subsidiaries as of December 31, 1980 and 1979 and the related Statements of Consolidated Income and Changes in Consolidated Financial Position for each of the three years in the period ended December 31, 1980. Our examinations were made in accordance with generally accepted auditing standards and, accordingly, included such tests of the accounting records and such other auditing procedures as we considered necessary in the circumstances.

In our opinion, these financial statements present fairly the financial position of the companies at December 31, 1980 and 1979 and the results of their operations and the changes in their financial position for each of the three years in the period ended December 31, 1980, in conformity with generally accepted accounting principles applied on a consistent basis.

Deloitte Haskins & Sells

Selected Quarterly Data

	1980 Quarters				1979 Quarters			
	1st	2nd	3rd	4th	1st	2nd	3rd	4th
	(Dollars in Millions Except Per Share Amounts)							
Net sales	$15,712.8	$13,785.5	$12,027.8	$16,202.4	$17,897.7	$18,982.3	$13,313.5	$16,117.7
Operating income (loss)	161.4	(834.6)	(960.4)	447.9	2,281.4	2,160.8	(251.6)	475.3
Income (loss) before income taxes	173.6	(862.3)	(1,025.6)	345.4	2,299.6	2,168.5	(162.0)	551.7
United States, foreign and other income taxes (credit)	60.8	(377.6)	(386.0)	317.5	1,103.9	1,040.8	(120.8)	159.5
Income (loss) after income taxes	112.8	(484.7)	(639.6)	27.9	1,195.7	1,127.7	(41.2)	392.2
Net income (loss)	154.7	(411.9)	(567.0)	61.7	1,257.2	1,188.0	21.4	426.1
Dividends on preferred stocks	3.2	3.3	3.2	3.2	3.2	3.3	3.2	3.2
Earnings (loss) on common stock	$ 151.5	($ 415.2)	($ 570.2)	$ 58.5	$ 1,254.0	$ 1,184.7	$ 18.2	$ 422.9
Average number of shares of common stock outstanding (in millions)	290.2	291.5	293.1	294.8	285.8	286.4	286.8	288.0
Earnings (loss) per share of common stock	$0.52	($1.43)	($1.95)	$0.21	$4.39	$4.13	$0.06	$1.46
Dividends per share of common stock	$1.15	$0.60	$0.60	$0.60	$1.00	$1.65	$1.15	$1.50
Stock price range*								
High	$55.75	$49.50	$58.88	$54.13	$59.38	$61.75	$65.88	$64.88
Low	$44.00	$39.50	$46.38	$40.38	$53.13	$56.38	$54.88	$49.38

*The principal market is the New York Stock Exchange and prices are based on the Composite Tape.
As of December 31, 1980, there were approximately 1,173,853 holders of record of common stock.

The decrease in earnings of $1.25 per share in the fourth quarter of 1980 from the comparable 1979 period resulted from lower unit volume, a less favorable mix of products sold, and increased economic costs not recoverable through pricing.

The effective income tax rates in the 1980 quarters varied from the U.S. statutory rate (credit) in the first and third quarters due principally to a combination of lower earnings and the continuing high level of U.S. investment tax credits. The effective income tax rate for the fourth quarter was higher than would be expected due to the adjustment of the estimated annual effective tax rate, used throughout the year, as a result of increased losses at overseas subsidiaries where no applicable tax credits were currently available, coupled with additional U.S. income taxes due to improved U.S. performance during the quarter.

The effective income tax rates in the 1979 quarters varied from the U.S. statutory rate due to the high level of U.S. investment tax credits as well as lower anticipated state and local taxes in the third quarter and lower earnings and lower foreign taxes in the fourth quarter.

Selected Financial Data (Dollars in Millions Except Per Share Amounts)	1980	1979	1978	1977	1976
Net sales	$57,728.5	$66,311.2	$63,221.1	$54,961.3	$47,181.0
Earnings (loss) on common stock	($ 775.4)	$ 2,879.8	$ 3,495.1	$ 3,324.6	$ 2,889.9
Dividends on common stock	861.2	1,520.3	1,712.6	1,944.8	1,590.5
Net income (loss) retained in the year	($ 1,636.6)	$ 1,359.5	$ 1,782.5	$ 1,379.8	$ 1,299.4
Earnings (loss) on common stock—per share	($ 2.65)	$ 10.04	$ 12.24	$ 11.62	$ 10.08
Dividends on common stock—per share	2.95	5.30	6.00	6.80	5.55
Net income (loss) retained in the year—per share	($ 5.60)	$ 4.74	$ 6.24	$ 4.82	$ 4.53
Average shares of common stock outstanding (in millions)	292.4	286.8	285.5	286.1	286.7
Dividends on capital stock as a percentage of net income	N.A.	53.0%	49.2%	58.7%	55.2%
Expenditures for real estate, plants and equipment	$ 5,161.5	$ 3,371.8	$ 2,737.8	$ 1,870.9	$ 998.9
Expenditures for special tools	$ 2,600.0	$ 2,015.0	$ 1,826.7	$ 1,775.8	$ 1,308.4
Working capital	$ 3,148.3	$ 6,688.2	$ 7,948.9	$ 7,630.3	$ 7,556.6
Total assets	$34,581.0	$32,215.8	$30,598.3	$26,658.3	$24,442.4
Long-term debt and capitalized leases	$ 2,058.3	$ 1,030.8	$ 1,124.5	$ 1,201.2	$ 1,056.9

In recent years, the accounting profession has given a great deal of consideration to the question of reporting the impact of inflation on financial data. Many complex theories have been proposed and studied but none has received general acceptance. Nevertheless, all interested parties agree that inflation has an impact on financial data. Thus, in September 1979 the Financial Accounting Standards Board (FASB) issued Statement No. 33, *Financial Reporting and Changing Prices.* Statement No. 33 establishes standards for reporting certain effects of price changes on financial data. No one method is required by the Statement; instead, alternative methods are required in order to display various effects. The Statement is intended to help readers of financial data assess results in the following specific areas:

a. The erosion of general purchasing power,
b. Enterprise performance,
c. The erosion of operating capability, and
d. Future cash flows.

The accompanying Schedules display the basic historical cost financial data adjusted for general inflation (constant dollar) and also for changes in specific prices (current cost) for use in such assessments.

In reviewing these Schedules, the following comments may be of assistance in understanding the reasons for the different "income" amounts and the uses of the data.

Financial statements—historical cost base

The objective of financial statements, and the primary purpose of accounting, is to furnish, to the fullest extent practicable, objective, quantifiable summaries of the results of financial transactions to those who need or wish to judge management's ability to manage. The data are prepared by management and independently verified by the independent public accountants.

The present accounting system in general use in the United States and the financial statements prepared by major companies from that system were never intended to be measures of relative economic value, but instead are basically a history of transactions which have occurred and by which current and potential investors and creditors can evaluate their expectations. There are many subjective, analytical, and economic factors which must be taken into consideration when evaluating a company. Those factors cannot be quantified objectively. Just as the financial statements cannot present in reasonable, objective, quantifiable form all of the data necessary to evaluate a business, they also should not be expected to furnish all the data needed to evaluate the impact of inflation on a company.

Data adjusted for general inflation—constant dollar base

Financial reporting is, of necessity, stated in dollars. It is generally recognized that the purchasing power of a dollar has deteriorated in recent years, and the costs of raw materials and other items as well as wage rates have increased and can be expected to increase further in the future. It is not as generally recognized, however, that profit dollars also are subject to the same degree of reduction in purchasing power. Far too much attention is given to the absolute level of profits rather than the relationship of profits to other factors in the business and to the general price level. For example, as shown in the accompanying Schedule A, adjusting the annual amount of sales and net income (loss) to a constant 1967 dollar base, using the U.S. Bureau of Labor Statistics' Consumer Price Index for Urban Consumers, demonstrates that constant dollar profits have not increased in recent years in line with the changes in sales volume. This is reflected in the general decline in the net income as a percent of sales over that period as well as the decrease in the dividend paid in terms of constant dollars of purchasing power.

Data adjusted for changes in specific prices—current cost

Another manner in which to analyze the impact of inflation on financial data (and thus the business) is by adjusting the historical cost data to the current costs for the major balance sheet items which have been accumulated through the accounting system over a period of years and which thus reflect different prices for the same commodities and services.

The purpose of this type of restatement is to furnish estimates of the impact of price increases for replacement of inventories and property on the potential future net income of the business and thus assess the probability of future cash flows. Although these data may be useful for this purpose, they do not reflect specific plans for the replacement of property. A more meaningful estimate of the impact of such costs on future earnings is the estimated level of future capital expenditures which is set forth in the Financial Review: Management's Discussion and Analysis (page 12).

Summary

In the accompanying Schedules, the effects of the application of the preceding methods on the past five years' and the current year's operations are summarized. Under both the constant dollar and the current cost methods, the net income (loss) of the business is lower (higher) than that determined under the historical cost method. What does this mean? It means that business, as well as individuals, is affected by inflation and that the purchasing power of business dollars also has declined. In addition, the costs of maintaining the productive capacity, as reflected in the current cost data (and estimate of future capital expenditures), have increased, and thus management must seek ways to cope with the impact of inflation through accounting methods such as the Last-In, First-Out (LIFO) method of inventory valuation, which matches current costs with current revenues, and through accelerated methods of depreciation.

Another significant adjustment is the restatement of stockholders' equity—the investment base. The adjustment for general inflation (constant dollar) puts all the expenditures for these items on a consistent purchasing power basis—the average 1967 dollar. This adjustment decreases the historical stockholders' equity, as represented by net assets in Schedule A, of about \$17.8 billion to a constant dollar basis of \$10.9 billion. In other words, the \$17.8 billion represented in the financial statements has only \$10.9 billion of purchasing power expressed in 1967 dollars. The net assets adjusted for specific prices (current cost restated in 1967 dollars), as shown in Schedule A, amounted to \$11.4 billion. This is \$0.5 billion higher than that shown on a constant dollar basis due to the fact that the CPI-U index is accelerating more rapidly than the indices of specific prices applicable to General Motors.

Finally, it must be emphasized that there is a critical need for national monetary and fiscal policies designed to control inflation and to provide adequate capital for future business growth which, in turn, will mean increased productivity and employment.

Schedule A

Comparison of Selected Data Adjusted for Effects of Changing Prices

(Dollars in Millions Except Per Share Amounts)

Historical cost data adjusted for general inflation (constant dollar) and changes in specific prices (current cost). (A)

	1980	1979	1978	1977	1976
Net Sales—as reported	$57,728.5	$66,311.2	$63,221.1	$54,961.3	$47,181.0
—in constant 1967 dollars	23,390.8	30,501.9	32,354.7	30,281.7	27,672.1
Net Income (Loss)—as reported	($ 762.5)	$ 2,892.7	$ 3,508.0	$ 3,337.5	$ 2,902.8
—in constant 1967 dollars	(1,023.8)(B)	817.0	1,384.5	1,580.9	1,485.4
—in current cost 1967 dollars	(829.5)(B)	829.5			
Earnings (Loss) per share of common stock—as reported	($ 2.65)	$ 10.04	$ 12.24	$ 11.62	$ 10.08
—in constant 1967 dollars	(3.52)(B)	2.83	4.83	5.50	5.15
—in current cost 1967 dollars	(2.86)(B)	2.87			
Dividends per share of common stock—as reported	$ 2.95	$ 5.30	$ 6.00	$ 6.80	$ 5.55
—in constant 1967 dollars	1.20	2.44	3.07	3.75	3.26
Net income (loss) as a percent of sales—as reported	(1.3%)	4.4%	5.5%	6.1%	6.2%
—in constant 1967 dollars	(4.4)	2.7	4.3	5.2	5.4
—in current cost 1967 dollars	(3.5)	2.7			
Net income (loss) as a percent of stockholders' equity—as reported	(4.3%)	15.1%	20.0%	21.2%	20.2%
—in constant 1967 dollars	(9.4)	6.7	11.2	13.1	14.8
—in current cost 1967 dollars	(7.3)	6.4			
Net assets at year-end—as reported	$17,814.6	$19,179.3	$17,569.9	$15,766.9	$14,385.2
—in constant 1967 dollars	10,887.6	12,163.4	12,351.3	12,041.4	10,007.7
—in current cost 1967 dollars	11,377.2	12,982.7			
Unrealized gain from decline in purchasing power of dollars of net amounts owed	$ 182.3	$ 83.8			
Increase in specific prices of inventory and property over increase in the general price level—net decrease	($ 689.2)	($ 221.8)			
Market price per common share at year-end—unadjusted	$ 45.00	$ 50.00	$ 53.75	$ 62.88	$ 78.50
—in constant 1967 dollars	18.23	23.00	27.51	34.64	46.04
Average Consumer Price Index	246.8	217.4	195.4	181.5	170.5

(A) Adjusted data have been determined by applying the Consumer Price Index —Urban to the data with 1967 (CPI-100) as the base year as specified by SFAS No. 33. Depreciation has been calculated on a straight-line basis for this calculation.

(B) These amounts will differ from those shown for constant dollar and current cost in Schedule B because a different base year has been used (1967 in Schedule A and 1980 in Schedule B) in order to illustrate the impact of changing prices in alternative forms.

Schedule B

Schedule of Income (Loss) Adjusted for Changing Prices

For The Year Ended December 31, 1980

(Dollars in Millions Except Per Share Amounts)

	As Reported in the Financial Statements (Historical Cost)	Selected Data Adjusted for General Inflation (1980 Constant Dollar)	Adjusted for Changes in Specific Prices (1980 Current Cost)
Net Sales	$57,728.5	$57,728.5	$57,728.5
Cost of sales	52,099.8	53,278.6	52,483.2
Depreciation and amortization expense	4,177.7	4,763.0	5,078.9
Other operating and nonoperating items—net	2,598.8	2,598.8	2,598.8
United States and other income taxes (credit)	(385.3)	(385.3)	(385.3)
Total costs and expenses	58,491.0	60,255.1	59,775.6
Net Income (Loss)	($ 762.5)	($ 2,526.6)(A)	($ 2,047.1)(A)
Earnings (Loss) per share of common stock	($ 2.65)	($ 8.69)(A)	($ 7.05)(A)
Unrealized gain from decline in purchasing power of dollars of net amounts owed		$ 449.8	$ 449.8
Increase in specific prices of inventory and property over increase in the general price level—net decrease			($ 1,700.9)(B)

(A) These amounts will differ from those shown for constant dollar and current cost in Schedule A because a different base year has been used (1967 in Schedule A and 1980 in Schedule B) in order to illustrate the impact of changing prices in alternative forms.

(B) At December 31, 1980, current cost of inventory was $9,015.7 million and current cost of real estate, plants and equipment (including special tools), net of accumulated depreciation and amortization, was $23,467.3 million. The current cost of property owned and the related depreciation and amortization expense were calculated by applying selected producer price indices to historical book values of machinery and equipment, the Marshall Valuation Service index to buildings and the use of assessed values for land.

Board of Directors

ANNE L. ARMSTRONG
Former U.S. Ambassador to Great Britain
Director—4 Years

CATHERINE B. CLEARY
Former Chairman of the Board,
First Wisconsin Trust Company
(Trust Services)
Director—8 Years

JOHN T. CONNOR
Chairman of the Board,
Schroders Incorporated
(Banking)
Director—15 Years

JOHN D. deBUTTS
Former Chairman of the Board,
American Telephone and Telegraph Company
(Communications)
Director—5 Years

JAMES H. EVANS
Chairman of the Board,
Union Pacific Corporation
(Transportation, Energy, and Natural Resources)
Joined Board in 1980

WALTER A. FALLON
Chairman of the Board,
Eastman Kodak Company
(Photographic Equipment, Chemicals, and Fibers)
Director—8 Years

CHARLES T. FISHER, III
President,
National Bank of Detroit
(Banking)
Director—9 Years

MARVIN L. GOLDBERGER
President, California Institute of Technology
(Education)
Joined Board in 1981

ROBERT S. HATFIELD
Former Chairman of the Board,
The Continental Group, Inc.
(Packaging Products)
Director—7 Years

RAYMOND H. HERZOG
Former Chairman of the Board,
Minnesota Mining and Manufacturing Company
(Household and Industrial Products)
Director—3 Years

JOHN J. HORAN
Chairman of the Board,
Merck & Co., Inc.
(Health Products)
Joined Board in 1980

REUBEN R. JENSEN
Executive Vice President,
Worldwide Components and Power Products Operations
Service—35 Years
Director—6 Years

HOWARD H. KEHRL
Vice Chairman,
Board of Directors
Service—33 Years
Director—6 Years

F. JAMES McDONALD
President and Chief Operating Officer
Service—40 Years
Director—6 Years

W. EARLE McLAUGHLIN
Former Chairman of the Board,
The Royal Bank of Canada
(Banking)
Director—14 Years

HOWARD J. MORGENS
Chairman Emeritus,
The Procter & Gamble Company
(Household and Industrial Products)
Director—18 Years

THOMAS A. MURPHY
Former Chairman,
Board of Directors
Director—9 Years

ELLMORE C. PATTERSON
Former Chairman of the Board,
Morgan Guaranty Trust Company of New York
(Banking)
Director—7 Years

EDMUND T. PRATT, JR.
Chairman of the Board,
Pfizer Inc.
(Pharmaceutical Products, Cosmetics, and Chemicals)
Director—4 Years

F. ALAN SMITH
Executive Vice President,
Finance
Service—25 Years
Joined Board in 1981

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International Paper Company
(Paper and Wood Products)
Director—4 Years

ROGER B. SMITH
Chairman, Board of Directors and Chief Executive Officer
Service—32 Years
Director—6 Years

LEON H. SULLIVAN
Pastor, Zion Baptist Church of Philadelphia
Director—10 Years

CHARLES H. TOWNES
Professor, University of California
(Physics)
Director—7 Years

Committees of the Board

THE FINANCE COMMITTEE includes both employe and non-employe Directors and is responsible for the determination of financial policies and the management of financial affairs including matters such as capital requirements and dividend recommendations to the Board.

ROGER B. SMITH
Chairman
JOHN T. CONNOR
WALTER A. FALLON
CHARLES T. FISHER, III
ROBERT S. HATFIELD
HOWARD H. KEHRL
F. JAMES McDONALD
HOWARD J. MORGENS
THOMAS A. MURPHY
ELLMORE C. PATTERSON
F. ALAN SMITH

THE EXECUTIVE COMMITTEE is composed entirely of employe Directors and is responsible for determining operating policies, including product plans and the need for capital expenditures.

F. JAMES McDONALD
Chairman
REUBEN R. JENSEN
HOWARD H. KEHRL
F. ALAN SMITH
ROGER B. SMITH

THE AUDIT COMMITTEE, composed entirely of non-employe Directors, selects the independent public accountants annually in advance of the Annual Meeting of Stockholders and submits the selection for ratification at the meeting. In addition, the Committee reviews the scope and results of the audits, the accounting principles being applied, the effectiveness of the internal controls, and, in its oversight role, assures that management fulfills its responsibilities in the preparation of the financial statements.

JOHN D. deBUTTS
Chairman
ANNE L. ARMSTRONG
JAMES H. EVANS
W. EARLE McLAUGHLIN
EDMUND T. PRATT, JR.
J. STANFORD SMITH
LEON H. SULLIVAN
CHARLES H. TOWNES

THE PUBLIC POLICY COMMITTEE, composed entirely of non-employe Directors, inquires into every phase of Corporate activities that relate to public policy and makes appropriate recommendations to management or the full Board.

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Chairman
ANNE L. ARMSTRONG
JOHN D. deBUTTS
EDMUND T. PRATT, JR.
J. STANFORD SMITH
LEON H. SULLIVAN
CHARLES H. TOWNES

THE BONUS AND SALARY COMMITTEE, composed entirely of non-employe Directors, reviews executive compensation plans and benefit programs and determines compensation of Corporate officers and other members of the management group.

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Chairman
JOHN T. CONNOR
WALTER A. FALLON
CHARLES T. FISHER, III
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RAYMOND H. HERZOG
ELLMORE C. PATTERSON

THE NOMINATING COMMITTEE, composed entirely of non-employe Directors, conducts continuing studies of the size and composition of the Board of Directors and recommends candidates for membership.

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WALTER A. FALLON
CHARLES T. FISHER, III
ROBERT S. HATFIELD
HOWARD J. MORGENS
ELLMORE C. PATTERSON

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ROGER B. SMITH
Chairman and Chief
Executive Officer

F. JAMES McDONALD
President and Chief
Operating Officer

HOWARD H. KEHRL
Vice Chairman

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REUBEN R. JENSEN

F. ALAN SMITH

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Electrical Components Group

DAVID C. COLLIER
Operating Staffs Group

ALEXANDER A. CUNNINGHAM
Body and Assembly Group

ALEX C. MAIR
Technical Staffs Group

DONALD H. McPHERSON
Car and Truck Group

PAUL D. PENDER
Mechanical Components Group

DAVID S. POTTER
Public Affairs Staffs Group

JAMES F. WATERS, JR.
Overseas Group

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Environmental Activities Staff

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North American Vehicles Overseas

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Vauxhall Motors Limited

ROBERT D. BURGER
Marketing Staff

MARTIN J. CASERIO
Assistant to the President

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Managing Director
General Motors-Holden's Limited

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Research Laboratories

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GM Assembly Division

ROBERT J. COOK
General Manager
Oldsmobile Division

ROBERT W. DECKER
Quality and Reliability

JOHN R. EDMAN
Financial Staff

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STEPHEN H. FULLER
Personnel Administration and
Development Staff

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General Manager
Electro-Motive Division

**On disability leave*

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General Manager
Pontiac Motor Division

CHARLES KATKO
General Manager
Fisher Body Division

EDWARD C. KENNARD
General Manager
Cadillac Motor Car Division

ROBERT D. LUND
General Manager
Chevrolet Motor Division

ROBERT F. MAGILL
Industry-Government
Relations Staff

THOMAS O. MATHUES
Manufacturing Staff

JOHN P. McCORMACK
Joint Ventures and
African Operations

JOHN W. McNULTY
Public Relations Staff

JOHN QUICK
Special Overseas
Projects and Studies

LLOYD E. REUSS
General Manager
Buick Motor Division

JAMES R. RINEHART
President and General Manager
General Motors of
Canada Limited

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Design Staff

JOSEPH J. SANCHEZ
Managing Director
General Motors do Brasil S.A.

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General Manager
Detroit Diesel Allison Division

OTIS M. SMITH
General Counsel

ROBERT C. STEMPEL
Managing Director
Adam Opel AG

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Materials Management Staff

ROBERT W. TRUXELL
General Manager
GMC Truck & Coach Division

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Consumer Relations and
Service Staff

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Industrial Relations Staff

MARINA v.N. WHITMAN
Chief Economist

FRANK J. WINCHELL
Engineering Staff

STAFF OFFICERS

ROBERT T. O'CONNELL
Treasurer

JOHN F. SMITH, JR.
Comptroller

CAROL M. CONKLIN
Secretary

1981 Public Interest Report

Additional information on GM programs, progress, and goals in a number of areas of public concern will be available in a booklet "1981 General Motors Public Interest Report" about April 1. Subject areas include automotive emissions and fuel economy, vehicle safety, industrial energy management, alternative automotive power sources, overseas operations, improving customer satisfaction, environmental control programs, employe programs, equal employment opportunities, applying innovative technology to improve productivity and quality, the cost of government regulations, and community relations programs. Stockholders wishing to receive a copy may write to: General Motors Corporation, Room 11-227, General Motors Building, Detroit, Michigan 48202.

VAUXHALL VICEROY Sedan

ELECTRO-MOTIVE SD40-2 Diesel Locomotives

OPEL SENATOR C

GM do BRASIL CHEVROLET CHEVETTE MARAJÓ

General Motors Corporation
Detroit, Michigan 48202

CADILLAC ELDORADO BIARRITZ

GENERAL MOTORS SECOND QUARTER REPORT 1980

1980 BUICK REGAL SOMERSET Coupe

Highlights

(Dollars in Millions Except Per Share Amounts)

General Motors Corporation
and Consolidated Subsidiaries

	1980		1979	
	Second Quarter	Six Months	Second Quarter	Six Months
Sales of All Products	$13,785	$29,498	$18,982	$36,880
Net Income (Loss)	($ 412)	($ 257)	$ 1,188	$ 2,445
Net Income (Loss) as a Percent of Sales	(3.0%)	(0.9%)	6.3%	6.6%
Earnings (Loss) Per Share of Common Stock	($ 1.43)	($ 0.91)	$ 4.13	$ 8.52
Dividends Per Share of Common Stock	$ 0.60	$ 1.75	$ 1.65	$ 2.65
U.S., Foreign and Other Income Taxes (Credit)	($ 378)	($ 317)	$ 1,041	$ 2,145
Worldwide Employment				
Average Number of Employes (in thousands)	732	764	886	882
Total Payrolls	$ 4,202	$ 8,772	$ 4,941	$ 9,880
As a Percent of Sales	30.5%	29.7%	26.0%	26.8%
Total Cost of an Hour Worked—U.S. Hourly Employes	$ 18.00	$ 17.50	$ 14.85	$ 14.70
Worldwide Factory Sales of Cars and Trucks (units in thousands)				
Manufactured in the United States				
Passenger Cars	1,032	2,201	1,556	2,930
Trucks and Coaches	135	363	408	813
Total United States	1,167	2,564	1,964	3,743
Manufactured in Canada	197	410	238	480
Manufactured Overseas*	407	831	472	921
Total Factory Sales—All Sources	1,771	3,805	2,674	5,144

*Includes units manufactured by Isuzu Motors Limited under contract for and marketed by General Motors.

	June 30, 1980	Dec. 31, 1979	June 30, 1979
Working Capital	$ 5,349	$ 6,688	$ 8,516
Stockholders' Equity	$18,519	$19,179	$19,333
Book Value Per Share of Common Stock	$ 61.84	$ 64.61	$ 65.80

Principal Offices: Detroit, Michigan; New York, New York.

A Message to Stockholders
for the Second Quarter of 1980

Already beset by inflation, and by an unprecedented shift in product demand reflecting, in part, higher gasoline prices, the domestic automobile industry bore the brunt of the sharp contraction in consumer spending in the United States during the second quarter of 1980. For General Motors the result was a net loss for the quarter (and six months), the first quarterly loss for the Corporation since the strike-affected third and fourth quarters of 1970 and the largest quarterly loss in GM's history.

Retail sales of cars and trucks by the industry in the United States in the second quarter of 1980 dropped to the lowest level in two decades. Reacting to high interest rates which both raised the cost of carrying dealer inventories and resulted in a deferral of retail vehicle purchases, dealers showed a reluctance to order new cars and trucks for stock. Thus, factory sales—sales by GM to its dealers—declined precipitously. Moreover, even though the auto industry may have reached the bottom of the business trough in May, the recession continues to run its course. Some moderating of interest rates and easing of the inflation rate, while moving in the right direction, are not in themselves signals of an upturn. Consumer confidence is starting to edge up from unusually depressed levels, but GM's factory sales will go up only when confidence improves to the point that consumers are willing to step up the rate of buying and dealers begin replenishing vehicle stocks to normal levels. That, in turn, will enable us to restore some production and will mean the recalling of employes from layoff. Realistically, this restoration of production and employment cannot be expected sooner than the fourth quarter of 1980.

The loss is even more disappointing when contrasted with record results reported one year earlier.

Worldwide factory sales of GM cars and trucks totaled 1,771,000 units in the second quarter of 1980, 34% below the record 1979 second quarter. Factory sales of vehicles manufactured in the United States declined even more—by 41%, compared with the 1979 second quarter.

Worldwide dollar sales of all GM products in the second quarter of 1980 declined to $13.8 billion, down 27% from the record 1979 second quarter. The resulting net loss of $412 million compared with net income of $1,188 million in the second quarter last year.

The second quarter loss amounted to $1.43 per share of common stock, compared with earnings of $4.13 per share in the year-ago quarter. The year-to-year decline and inability to remain profitable were due to sharply reduced unit volume and less favorable product mix, increased sales campaign expense, operating inefficiencies resulting from lower volume and its attendant scheduling adjustments, sharply increased tooling costs for new product programs, and economic cost increases not fully recovered in price adjustments.

The reduced dividend of $0.60 per share of common stock paid June 10, 1980 reflected these pressures, as well as the need to conserve the capital required to take full advantage of the opportunities inherent in the rapidly changing marketplace. This dividend compared with a $1.15 per share regular dividend and a $0.50 per share

special dividend paid in the second quarter of 1979.

The First Six Months of 1980

The second quarter loss more than offset a marginally profitable first quarter and resulted in a loss for GM for the first six months for the first time since 1946.

Worldwide factory sales of 3,805,000 cars and trucks in the first six months of 1980 were 26% below the six-month record established in 1979.

Dollar sales of $29.5 billion for the first half of 1980 were down 20% from the record first six months of 1979.

The resulting loss for the first half of 1980 amounted to $0.91 per share of common stock, compared with six-month record earnings of $8.52 per share in 1979. The year-to-year decline was accounted for by the reasons previously cited for the second quarter loss.

Dividends paid on the common stock for the first six months of 1980 totaled $1.75 per share, $0.90 per share less than was paid in the same period last year.

Pricing Action

Price adjustments effective July 1, 1980 only partially recover economic cost increases incurred by General Motors. Our costs continue to increase at double-digit rates while our prices, which must be responsive to competitive market conditions, have increased by less than 7% annually. These price increases are in conformance with President Carter's anti-inflation program. Consistent with our commitment to that program, this most recent pricing action was reviewed in advance with the U.S. Council on Wage and Price Stability.

The latest adjustments increased the suggested sticker price of the average-equipped GM car by 1.6%, or $135, including the effect of list-price reductions of $115 on certain optional V-8 engines offered in many GM cars.

The Difficult Task Ahead

The recession in the United States and the slowdown in economic activity in a number of other major industrialized countries, together with concerns about inflation and fuel prices, will continue to adversely affect the Corporation's profitability for the near term.

All costs and expenses are undergoing intensified examination and have been reduced wherever possible, consistent with the needs of our forward product programs. Large numbers of employes, both hourly-rated and salaried, have been laid off, some temporarily, many indefinitely, as production was decreased in response to reduced demand. Among the cost reduction measures adopted, the Corporation has reduced its maximum contribution to the Savings-Stock Purchase Program for salaried employes from 8% of salary to 3%, equivalent to a 5% reduction in the salary of most participating employes. Despite the unremitting efforts of the entire organization, costs could not be reduced or eliminated as rapidly as volume fell. Nor will these cost-control measures, without increased production, restore profitability to prior levels.

Our task is all the more difficult, as we have stressed before, because despite these troubled times and the sacrifices entailed, we cannot cut back the capital spending which is the lifeblood of the Corporation's competitive position in the marketplace. In General Motors we believe we must not delay future product programs—together with the requisite research and development, tooling, plant expansion and modernization—on which depend the Corporation's future sales and profitability around the world.

Reflecting this commitment to the marketplace, as announced on July 9, we

intend to achieve a fleet fuel economy average of 31 miles per gallon by 1985, while continuing to offer GM customers a full line of vehicles. This is more than two and one-half times GM's fleet average for the 1974 model year.

To accomplish this, we have accelerated some of our capital programs and now intend to invest $40 billion during the 1980-84 period to better equip us to meet the demands of the automotive market. General Motors has embarked on the most ambitious product and facility improvement program ever undertaken by any corporation at any time anywhere in the world. Moreover, we intend to see it through—for the benefit of our customers and our stockholders alike.

How Government Can Help

We have recommended three steps government should take to help the American auto industry recover from its immediate problems, as well as contribute to the greater competitiveness of all American industry:

- First, eliminate excessive and counterproductive regulations;
- Second, create incentives for investment in American business by encouraging greater capital formation for new plants and equipment and for increased research and development; and
- Third, persuade the Japanese government, in its own self-interest, voluntarily to adopt more prudent trade practices with the United States.

With respect to government regulation, we submitted a documented list of specific regulations suited to consideration and reevaluation. With respect to investment incentives as an efficient means to improve gross national product, we would recommend depreciation reform to permit more rapid recovery of the cost of plant assets and increased investment tax credits. These steps and reduced corporate tax rates and reduced personal taxes should be accompanied by reduced government spending which is essential in order to avoid renewed inflationary excesses. With respect to Japanese trade practices, the recommended course could forestall a resurgence of protectionism.

Insofar as the domestic industry is affected, we are encouraged by the spirit of the program which President Carter announced July 8 in Detroit. An outgrowth of discussions at the White House on May 14, the program was described by the President as the beginning of a new era of cooperation to ensure the long-term vitality of the auto industry. Although it represents little tangible benefit to the Corporation in the near term, we welcome this important first step toward a better relationship with government. We welcome this evidence of encouragement that only government can give in determining the business climate. At General Motors, we intend to demonstrate by our own products and services that we have the ability, the will, and the discipline to compete successfully if unshackled from unreasonable regulation.

The Outlook

Given the circumstances now confronting the auto industry, what is the outlook? Always cyclical in nature, the industry certainly will see better times; and our expectation is that this will be sooner than some have predicted.

We believe the current economic downturn in the United States will be both shorter and milder than the 1973-75 recession which lasted 16 months. Although we expect a year-to-year decline in real gross national product of about 1% during 1980, we hope that the U.S. economy will have recovered to a real growth situation by the end of the year and we anticipate moderate improve-

ment in 1981. The rate of increase in consumer prices in the United States should be below 10% by the end of this year. Accordingly, we look for the annual rate of passenger car sales in the United States to be above 10 million units by year's end, compared with an annualized rate of about 7.5 million units during the second quarter of 1980.

We see one important and encouraging similarity in the current recession, compared with 1973-75. That similarity is our opportunity. Just as the auto industry led the economy back from that earlier recession, we think it can lead the economy back to a healthy state again. And we intend that General Motors will be leading the auto industry.

For the long term, we expect the decade of the Eighties will bring auto industry sales growth at an average annual rate of 2-2½% in the United States and Canada and even faster overseas, averaging 4% or more per year.

E. M. Estes
President

T. A. Murphy
Chairman

July 24, 1980

1980 Second Quarter and Six Months Review of Operations

United States Car and Truck Retail Sales*
(In Thousands)

	CARS		TRUCKS	
	1980	1979	1980	1979
Second Quarter				
Industry	2,137	2,939	637	923
General Motors	972	1,343	247	365
GM % of Industry	45.5	45.7	38.8	39.5
Foreign-sponsored % of Industry	27.5	21.8	11.9	9.2
Six Months				
Industry	4,640	5,672	1,356	1,900
General Motors	2,115	2,601	525	773
GM % of Industry	45.6	45.9	38.7	40.7
Foreign-sponsored % of Industry	26.3	20.7	12.3	7.4

*Includes foreign-sponsored vehicles

Industry Retail Sales in the U.S.

Impacted by a sharp reduction in consumer buying, retail sales of cars and trucks in the United States declined to an annual rate of 9.8 million units in the second quarter of 1980 and an annual rate of 12.0 million units for the first six months. Passenger car sales were off 27% from the second quarter of 1979 and off 18% for the six-month period, compared with 1979. Retail sales of trucks trailed the 1979 second quarter by 31% and were off 29% for the six-month period. Industry-wide sales slumped to the lowest level for the year to date during May.

For the first six months of 1980, compact and subcompact cars continued to gain an increasing share of the business, accounting for 62% of the total 4,640,000 passenger cars delivered. This compared with 55% for the first six months of 1979. Foreign-sponsored cars accounted for 26% of the deliveries, compared with 21% for the first six months of 1979. General Motors continued to account for approximately 46% of the passenger cars delivered in the first half of 1980.

Retail Sales of GM Vehicles

Combined retail sales of new GM cars and trucks in the U.S. in the 1980 second quarter were down 29% from the 1979 second quarter. New-car sales of 972,000 units were off 28% from year-earlier levels, while retail sales of new GM trucks declined 32% from the 1979 second quarter. Combined sales of GM cars and trucks in the U.S. during the first six months of 1980 were 22% below the 1979 period.

Sales of GM's compact front-wheel-drive 'X' cars—Chevrolet Citation, Pontiac Phoenix, Oldsmobile Omega, and Buick Skylark—remained strong. Since their introduction in the second quarter of 1979, 'X' car sales have approached one million units, with 181,000 deliveries in the 1980 second quarter and 383,000 deliveries for the first six months of 1980. Another outstanding performer in the GM lineup is Chevette, the best-selling small car in the U.S. with 86,000 units sold in the 1980 second quarter and 202,000 for the six-month period.

Retail sales of GM cars and trucks in Canada declined after holding near record levels through April and achieving record penetration early in May. Deliveries of 171,000 units in the second quarter were down 13% from the 1979 second quarter record. Passenger car sales declined 12%, while truck sales experienced a 16% decline. Combined sales of new GM cars and trucks in Canada during the first six months of 1980 were 8% below the 1979 record for the period, but GM of Canada's penetration increased to 48% compared with 46% for the first half of 1979.

Overseas, unit sales of GM cars and trucks—as well as penetration—declined during the second quarter of 1980. Sales of 437,000 units were 18% below the 536,000 units delivered in the 1979 second quarter. For the first six months of 1980, the decline was 13%, on deliveries of 899,000 units compared with 1,030,000 for the 1979 period. The decline was 20% in the Federal Republic of Germany, which accounts for nearly half of all GM sales in Europe and more than one-fourth of all GM overseas sales. In South Africa, GM sales of 19,000 units were up 23% for the first six months. On a regional basis, GM's strongest performance overseas was in Latin America where sales were up 5%. In Brazil, GM sales of 108,000 units were up 18% over 1979; in Venezuela, sales were up 39% on 30,000 deliveries.

Two developments in Asia highlighted overseas activities. GM announced the sale of TEREX off-highway equipment totaling $1.5 million to the People's Republic of China and entered into a joint venture with the Taiwan Machinery Manufacturing Corporation to build heavy-duty trucks in Taiwan.

Employment and Payrolls

Reflecting reduced unit production, GM's worldwide employment in the 1980 second quarter averaged 732,000 men and women, compared with a record 886,000 in the 1979 second quarter. Worldwide payrolls totaled $4,202 million, down from $4,941 million in the year-ago quarter.

GM's average U.S. hourly-rate employment in the second quarter this year was 356,000 men and women, compared with 500,000 last year. Hourly wages in the U.S. averaged $12.99 in the second quarter of 1980, up 13% from the $11.49 per hour average wage paid in the 1979 second quarter. Including benefit costs, GM's average U.S. hourly-rate labor cost now is approximately $18.00 per hour worked.

GM News

Board of Directors

James H. Evans, chairman of Union Pacific Corporation, and John J. Horan, chairman of Merck & Co., Inc., were elected to the GM Board of Directors at the Annual Meeting of Stockholders on May 23, 1980.

On June 2, the Board announced a number of Committee changes. New Committee memberships include the election of Robert S. Hatfield to the Finance and Nominating Committees, James H. Evans to the Audit Committee, Edmund T. Pratt, Jr., and J. Stanford Smith to the

(Continued on page 8)

Statement of Consolidated Income

For The Six Months Ended June 30, 1980 and 1979
(Dollars in Millions Except Per Share Amounts)

General Motors Corporation
and Consolidated Subsidiaries

	1980		1979	
	Second Quarter	Six Months	Second Quarter	Six Months
Net Sales	$13,785.5	$29,498.3	$18,982.3	$36,880.0
Equity in earnings of nonconsolidated subsidiaries and associates	72.8	114.7	60.3	121.8
Other income less income deductions (net deduction in 1980)	(27.7)	(15.5)	7.7	25.9
Total	13,830.6	29,597.5	19,050.3	37,027.7
Costs and Expenses				
Cost of sales and other operating charges, exclusive of items listed below	12,850.6	26,701.6	15,480.9	29,675.6
Selling, general and administrative expenses	633.2	1,277.8	574.6	1,160.3
Depreciation of real estate, plants and equipment	353.7	703.3	301.7	597.2
Amortization of special tools	782.6	1,488.8	406.3	885.7
Provision for the Bonus Plan	—	—	58.0	119.0
United States, foreign and other income taxes (credit)	(377.6)	(316.8)	1,040.8	2,144.7
Total	14,242.5	29,854.7	17,862.3	34,582.5
Net Income (Loss)	(411.9)	(257.2)	1,188.0	2,445.2
Dividends on preferred stocks	3.3	6.5	3.3	6.5
Earnings (Loss) on Common Stock	($415.2)	($263.7)	$1,184.7	$2,438.7
Average number of shares of common stock outstanding (in millions)	291.5	290.8	286.4	286.1
Earnings (Loss) Per Share of Common Stock	($1.43)	($0.91)	$4.13	$8.52

Reference should be made to notes on page 8.

Consolidated Balance Sheet

June 30, 1980, December 31, 1979 and June 30, 1979
(Dollars in Millions)

General Motors Corporation
and Consolidated Subsidiaries

ASSETS	June 30, 1980	Dec. 31, 1979	June 30, 1979
Current Assets			
Cash	$ 230.1	$ 247.1	$ 218.0
U.S. Government and other marketable securities and time deposits—at cost, which approximates market	2,027.5	2,739.3	4,808.2
Accounts and notes receivable	6,217.2	5,030.4	7,066.4
Inventories	7,353.1	8,076.3	7,865.3
Prepaid expenses	508.0	463.4	506.1
Total Current Assets	16,335.9	16,556.5	20,464.0
Investments and Miscellaneous Assets	3,984.4	3,828.2	3,293.3
Common Stock Held for the Incentive Program	127.0	192.9	165.7
Property			
Real estate, plants and equipment	26,684.6	24,879.4	23,310.5
Less accumulated depreciation	14,811.7	14,298.2	13,932.1
Net real estate, plants and equipment	11,872.9	10,581.2	9,378.4
Special tools—less amortization	713.1	1,057.0	1,067.7
Total Property	12,586.0	11,638.2	10,446.1
Total Assets	$33,033.3	$32,215.8	$34,369.1

LIABILITIES AND STOCKHOLDERS' EQUITY	June 30, 1980	Dec. 31, 1979	June 30, 1979
Current Liabilities			
Accounts, drafts and loans payable	$ 4,465.2	$ 4,305.4	$ 4,843.9
U.S., foreign and other income taxes payable	320.3	478.6	906.3
Accrued liabilities	6,201.7	5,084.3	6,197.8
Total Current Liabilities	10,987.2	9,868.3	11,948.0
Long-Term Debt—less unamortized discount	1,182.4	880.0	958.8
Other Liabilities	1,491.3	1,551.6	1,420.9
Deferred Investment Tax Credits	747.1	651.7	603.1
Other Deferred Credits	106.6	84.9	105.5
Stockholders' Equity			
Preferred stock ($5.00 series, $183.6; $3.75 series, $100.0)	283.6	283.6	283.6
Common stock	491.4	487.4	482.5
Capital surplus (principally additional paid-in capital)	1,142.2	1,034.6	872.2
Net income retained for use in the business	16,601.5	17,373.7	17,694.5
Total Stockholders' Equity	18,518.7	19,179.3	19,332.8
Total Liabilities and Stockholders' Equity	$33,033.3	$32,215.8	$34,369.1

Reference should be made to notes on page 8.

Certain amounts for 1979 have been reclassified to conform with classifications for 1980.

INVENTORIES: Inventories are stated generally at cost, which is not in excess of market. The cost of substantially all domestic inventories was determined by the last-in, first-out (LIFO) method. The cost of inventories outside the United States was determined generally by the first-in, first-out (FIFO) or the average cost method.

CONTINGENT LIABILITIES: There are various claims and pending actions against the Corporation and its subsidiaries with respect to commercial matters, including warranties and product liability, governmental regulations including environmental and safety matters, civil rights, patent matters, taxes and other matters arising out of the conduct of the business. Certain of these actions purport to be class actions, seeking damages in very large amounts. The amounts of liability on these claims and actions at June 30, 1980 were not determinable but, in the opinion of the management, the ultimate liability resulting will not materially affect the consolidated financial position or results of operations of the Corporation and its consolidated subsidiaries.

(Continued from page 5)
Public Policy Committee, and Charles T. Fisher, III, and Raymond H. Herzog to the Bonus and Salary Committee. Because of his new assignment, Mr. Herzog will no longer serve on the Public Policy Committee.

All other Committee memberships were continued, and all officers of the Corporation were reelected by the Board.

Passive Restraints

General Motors informed the Department of Transportation that it has chosen to comply with the passive restraint standard for full-size cars in the 1982 model year by installing automatic belts. These belts position themselves over the driver and front-seat passenger as the doors close.

The requirement for passive restraints is extended to mid-size and compact cars in the 1983 model year and to subcompact cars in the 1984 model year.

In electing to use automatic belts to meet the standard in 1982-model full-size cars, GM chose not to proceed with earlier plans to also offer inflatable restraints as an option. The Federal passive restraint standard allows the manufacturer to choose the system it believes is best suited to its vehicles and customers while meeting safety performance requirements.

GM does plan to offer an inflatable restraint system option on full-size cars in the 1983 model year. Because GM's full-size cars will be totally redesigned for 1983, the tooling for inflatable restraints on 1982 full-size models would have been obsolete in only one year. The decision to use automatic belts on the 1982 full-size cars to meet the passive restraint standard will avoid an estimated $20 million in tooling costs while providing each occupant with equivalent restraint.

A Congressional amendment to the National Highway Traffic Safety Administration 1980 authorization bill would give consumers a choice between active and passive restraints. Passed by the House of Representatives, the amendment is being considered by a House-Senate conference committee.

Impact of Inflation on Selected Financial Data

(Dollars in Millions Except Per Share Amounts)

	Six Months Ended 6/30/80	Six Months Ended 6/30/79
Net Sales—as reported	$29,498.3	$36,880.0
—in constant 1967 dollars	12,255.2	17,520.2
Net Income (Loss)—as reported	($ 257.2)	$ 2,445.2
—in constant 1967 dollars*	(464.0)	907.1
Net Income (Loss) as a percent of sales		
—as reported	(0.9%)	6.6%
—using constant 1967 dollars*	(3.8)	5.2
Earnings (Loss) per share		
—as reported	($0.91)	$8.52
—in constant 1967 dollars*	(1.60)	3.14
Dividends per share—as reported	$1.75	$2.65
—in constant 1967 dollars	.73	1.26

*Net income (loss) and earnings (loss) per share were calculated by application of appropriate indices by years of acquisition of the related property and inventories in terms of 1967 dollars.

Impact of Inflation

Inflation continues to hamper the profitable conduct of business. Its adverse impact is dramatized when its effects are taken into account in the evaluation of comparative financial results. A summary of GM's operating results in the first six months of 1980, compared with the same period of 1979, and reported in constant 1967 dollars, is provided in the table above.

Sales as reported were down 20% in current dollars; however, in constant 1967 dollars, they would be off 30%.

The net loss of $257 million as reported, which was down 111%, would result in a loss of $464 million when adjusted to constant 1967 dollars, using the procedures established by the Financial Accounting Standards Board. The greater loss would result because depreciation and cost of sales must be calculated on the basis of current dollars by year of acquisition of the related property and inventories before being restated in terms of 1967 dollars.

The six-month aggregate loss of $0.91 per share of common stock as reported would be a $1.60 per share loss in constant 1967 dollars.

Dividends of $1.75 per share of common stock as reported, down 34%, would be off 42% when stated in constant 1967 dollars.

Report of the Annual Meeting

A summary report of the 72nd Annual Meeting of GM Stockholders, held May 23, 1980 in Detroit, is available to stockholders. Copies may be obtained by writing to: General Motors Corporation, Room 11-229, General Motors Building, Detroit, Michigan 48202.

General Motors Corporation
Detroit, Michigan 48202

1980 PONTIAC BONNEVILLE BROUGHAM Coupe

LITHO IN U. S. A.